Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2014
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to .
Commission File Number: 000-15637

SVB FINANCIAL GROUP
(Exact name of registrant as specified in its charter)

Delaware	**91-1962278**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3003 Tasman Drive, Santa Clara, California	**95054-1191**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(408) 654-7400**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common stock, par value $0.001 per share	NASDAQ Global Select Market
Junior subordinated debentures issued by SVB Capital II and the guarantee with respect thereto	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity securities held by non-affiliates of the registrant as of June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing price of its common stock on such date, on the NASDAQ Global Select Market was $5,912,074,924.

At January 31, 2015, 50,962,739 shares of the registrant's common stock ($0.001 par value) were outstanding.

Documents Incorporated by Reference	**Parts of Form 10-K Into Which Incorporated**
Definitive proxy statement for the Company's 2015 Annual Meeting of Stockholders to be filed within 120 days of the end of the fiscal year ended December 31, 2014	Part III

Table of Contents

TABLE OF CONTENTS

			Page
PART I.	Item 1.	Business	6
	Item 1A.	Risk Factors	17
	Item 1B.	Unresolved Staff Comments	30
	Item 2.	Properties	30
	Item 3.	Legal Proceedings	30
	Item 4.	Mine Safety Disclosures	30
PART II.	Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	32
	Item 6.	Selected Consolidated Financial Data	34
	Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	35
	Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	85
	Item 8.	Consolidated Financial Statements and Supplementary Data	88
		Consolidated Balance Sheets	89
		Consolidated Statements of Income	90
		Consolidated Statements of Comprehensive Income	91
		Consolidated Statements of Stockholders' Equity	92
		Consolidated Statements of Cash Flows	93
		Notes to Consolidated Financial Statements	94
	Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	167
	Item 9A.	Controls and Procedures	167
	Item 9B.	Other Information	167
PART III.	Item 10.	Directors, Executive Officers and Corporate Governance	168
	Item 11.	Executive Compensation	168
	Item 12.	Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters	168
	Item 13.	Certain Relationships and Related Transactions, and Director Independence	168
	Item 14.	Principal Accounting Fees and Services	168
PART IV.	Item 15.	Exhibits, Financial Statement Schedules	169
SIGNATURES			170
INDEX TO EXHIBITS			172

Glossary of Frequently-used Acronyms in this Report

AICPA – American Institute of Certified Public Accountants

ASC — Accounting Standards Codification

ASU – Accounting Standards Update

DBO – California Department of Business Oversight - Division of Financial Institutions

EHOP – Employee Home Ownership Program of the Company

EPS – Earnings Per Share

ESOP – Employee Stock Ownership Plan of the Company

ESPP – 1999 Employee Stock Purchase Plan of the Company

FASB – Financial Accounting Standards Board

FDIC – Federal Deposit Insurance Corporation

FHLB – Federal Home Loan Bank

FINRA – Financial Industry Regulatory Authority

FRB – Federal Reserve Bank

FTP – Funds Transfer Pricing

GAAP - Accounting principles generally accepted in the United States of America

IASB – International Accounting Standards Board

IFRS – International Financial Reporting Standards

IPO – Initial Public Offering

IRS – Internal Revenue Service

IT – Information Technology

LIBOR – London Interbank Offered Rate

M&A – Merger and Acquisition

OTTI – Other Than Temporary Impairment

SEC – Securities and Exchange Commission

TDR – Troubled Debt Restructuring

UK – United Kingdom

VIE – Variable Interest Entity

Forward-Looking Statements

This Annual Report on Form 10-K, including in particular "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Part II, Item 7 in this report, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, management has in the past and might in the future make forward-looking statements orally to analysts, investors, the media and others. Forward-looking statements are statements that are not historical facts. Broadly speaking, forward-looking statements include, but are not limited to, the following:

- Projections of our net interest income, noninterest income, earnings per share, noninterest expenses (including professional services, compliance, compensation and other costs), cash flows, balance sheet positions, capital expenditures, liquidity and capitalization or other financial items
- Descriptions of our strategic initiatives, plans or objectives for future operations, including pending sales or acquisitions
- Forecasts of private equity/venture capital funding and investment levels
- Forecasts of future interest rates, economic performance, and income from investments
- Forecasts of expected levels of provisions for loan losses, loan growth and client funds
- Descriptions of assumptions underlying or relating to any of the foregoing

You can identify these and other forward-looking statements by the use of words such as "becoming," "may," "will," "should," "could," "would," "predict," "potential," "continue," "anticipate," "believe," "estimate," "seek," "expect," "plan," "intend," the negative of such words, or comparable terminology. Forward-looking statements are neither historical facts nor assurances of future performance. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we have based these expectations on our current beliefs as well as our assumptions, and such expectations may prove to be incorrect. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results of operations and financial performance could differ significantly from those expressed in or implied by our management's forward-looking statements. Important factors that could cause our actual results and financial condition to differ from the expectations stated in the forward-looking statements include, among others:

- Market and economic conditions, including the interest rate environment, and the associated impact on us
- The credit profile and credit quality of our loan portfolio and volatility of our levels of nonperforming assets and charge-offs
- The adequacy of our allowance for loan losses and the need to make provisions for loan losses for any period
- The borrowing needs of our clients
- The sufficiency of our capital and liquidity positions
- The levels of loans, deposits and client investment fund balances
- The performance of our portfolio investments; the general condition of the public and private equity and mergers and acquisitions markets and their impact on our investments, including equity warrant assets, venture capital and private equity funds and direct equity investments
- Our overall investment plans and strategies; the realization, timing, valuation and performance of our equity or other investments
- The levels of public offerings, mergers and acquisitions and venture capital investment activity of our clients that may impact the borrowing needs of our clients
- The occurrence of fraudulent activity, including breaches of our information security or cyber security-related incidents
- Business disruptions and interruptions due to natural disasters and other external events
- The impact on our reputation and business from our interactions with business partners, counterparties, service providers and other third parties
- Expansion of our business internationally
- The impact of legal requirements and regulations limiting or restricting our activities or resulting in higher costs, including the Volcker rule
- The impact of lawsuits and claims
- Changes in accounting standards
- The levels of equity capital available to our client or portfolio companies
- Our ability to maintain or increase our market share, including through successfully implementing our business strategy and undertaking new business initiatives
- Other factors as discussed in "Risk Factors" under Part I, Item 1A in this report

We urge investors to consider all of these factors carefully in evaluating the forward-looking statements contained in this Annual Report on Form 10-K. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included in this filing are made only as of the date of this filing. We assume no obligation and do not intend to revise or update any forward-looking statements contained in this Annual Report on Form 10-K, except as required by law.

PART I.

ITEM 1. BUSINESS

General

SVB Financial Group ("SVB Financial") is a diversified financial services company, as well as a bank holding company and a financial holding company. SVB Financial was incorporated in the state of Delaware in March 1999. Through our various subsidiaries and divisions, we offer a variety of banking and financial products and services to clients across the United States, as well as in key international entrepreneurial markets. For over 30 years, we have been dedicated to helping entrepreneurs succeed, primarily in the technology, life science & healthcare, private equity/venture capital and premium wine industries. We provide our clients of all sizes and stages with a diverse set of products and services to support them throughout their life cycles.

We offer commercial and private banking products and services through our principal subsidiary, Silicon Valley Bank (the "Bank"), which is a California state-chartered bank founded in 1983 and a member of the Federal Reserve System. The Bank and its subsidiaries, also offer asset management, private wealth management, brokerage and other investment services. Through SVB Financial's other subsidiaries and divisions, we also offer non-banking products and services, such as funds management and business valuation services. Additionally, we focus on cultivating strong relationships with firms within the private equity and venture capital community worldwide, many of which are also our clients and may invest in our corporate clients.

As of December 31, 2014, we had, on a consolidated basis, total assets of $39.3 billion, total investment securities of $22.7 billion, total loans, net of unearned income, of $14.4 billion, total deposits of $34.3 billion and total SVB Financial Group ("SVBFG") stockholders' equity of $2.8 billion.

Headquartered in Santa Clara, CA, we operate in key innovation markets in the United States and around the world. Our corporate office is located at 3003 Tasman Drive, Santa Clara, California 95054, and our telephone number is (408) 654-7400.

When we refer to "SVB Financial Group," "SVBFG," the "Company," "we," "our," "us" or use similar words, we mean SVB Financial Group and all of its subsidiaries collectively, including the Bank. When we refer to "SVB Financial" or the "Parent" we are referring only to the parent company, SVB Financial Group.

Business Overview

For reporting purposes, SVB Financial Group has three operating segments for which we report financial information in this report: Global Commercial Bank, SVB Private Bank and SVB Capital.

Global Commercial Bank

Our Global Commercial Bank segment is comprised of results primarily from our Commercial Bank, and to a lesser extent, from SVB Specialty Lending, SVB Analytics and our Debt Fund Investments, each as further described below.

Commercial Bank. Our Commercial Bank products and services are provided by the Bank and its subsidiaries to commercial clients in the technology, life science & healthcare, and private equity/venture capital industries. The Bank provides solutions to the financial needs of commercial clients through credit, global treasury management, foreign exchange, global trade finance, and other services. We broadly serve clients within the U.S., as well as non-U.S. clients in key international innovation markets.

Through our credit products and services, the Bank extends loans and other credit facilities to commercial clients. These loans may be secured by clients' assets or based on clients' cash flows. In some cases, loans may be unsecured. Credit products and services include traditional term loans, equipment loans, asset-based loans, revolving lines of credit, accounts-receivable-based lines of credit, capital call lines of credit and credit cards.

The Bank's global treasury management products and services include a wide range of deposit, receivables, payments and cash management solutions. Deposit products include business and analysis checking accounts, money market accounts, multi-currency, and sweep accounts. In connection with deposit services, the Bank provides receivables services, which include lockbox, electronic deposit capture, and merchant services that facilitate timely depositing of checks and other payments to clients' accounts. Payment and cash management products and services include wire transfer and automated clearing house payment services to enable clients to transfer funds quickly, as well as bill pay, account analysis, and disbursement services. Client accounts and our services may be accessed through our online and mobile banking platforms.

The Bank's foreign exchange and global trade products and services facilitate clients' global finance and business needs. These products and services include foreign exchange services that allow commercial clients to manage their foreign currency needs and risks through the purchase and sale of currencies, swaps and hedges on the global inter-bank market. To facilitate clients' international trade, the Bank offers a variety of loan and credit facilities guaranteed by the Export-Import Bank of the

United States. The Bank also offers letters of credit, including export, import, and standby letters of credit, to enable clients to ship and receive goods globally.

The Bank and its subsidiaries offer a variety of investment services and solutions to its clients that enable them to effectively manage their assets. Through its registered investment advisory subsidiary, SVB Asset Management, the Bank offers discretionary investment advisory services based on its clients investment policies, strategies and objectives. Through its broker-dealer subsidiary, SVB Securities, the Bank offers clients access to investments in third party money market mutual funds and fixed-income securities. The Bank also offers investment solutions through our repurchase agreement program.

Private Equity Division. Our Private Equity Division provides banking products and services primarily to our private equity and venture capital clients.

SVB Wine. SVB Wine provides banking products and services to our premium wine industry clients, including vineyard development loans.

SVB Analytics. SVB Analytics provides equity valuation services to companies and private equity/venture capital firms.

Debt Fund Investments. Debt Fund Investments is comprised of our investments in debt funds in which we are a strategic investor: (i) Gold Hill funds, which provide secured debt to private companies of all stages, and (ii) Partners for Growth funds, which provide secured debt primarily to mid-stage and late-stage companies.

SVB Private Bank

SVB Private Bank is the private banking division of the Bank, which provides a range of personal financial solutions for consumers. Our clients are primarily private equity/venture capital professionals and executive leaders of the innovation companies they support. We offer a customized suite of private banking services, including mortgages, home equity lines of credit, restricted stock purchase loans, capital call lines of credit, and other secured and unsecured lending. We also help our private banking clients meet their cash management needs by providing deposit account products and services, including checking, money market, certificates of deposit accounts, online banking, credit cards and other personalized banking services. SVB Private Bank also includes SVB Wealth Advisory, an investment advisory subsidiary of the Bank, which provides private wealth management services to individual clients.

SVB Capital

SVB Capital is the venture capital investment arm of SVB Financial Group, which focuses primarily on funds management. SVB Capital manages over $2.3 billion of funds on behalf of third-party limited partner investors, and on a more limited basis, SVB Financial Group. The SVB Capital family of funds is comprised of direct venture funds that invest in companies and funds of funds that invest in other venture capital funds. SVB Capital generates income for the Company primarily through investment returns (including carried interest) and management fees. Most of the funds managed by SVB Capital are consolidated into our financial statements. See Note 2-"Summary of Significant Accounting Policies-Principles of Consolidation and Presentation" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report.

For more information about our three operating segments, including financial information and results of operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations-Operating Segment Results" under Part II, Item 7 in this report, and Note 21-"Segment Reporting" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report.

Revenue Sources

Our total revenue is comprised of our net interest income and noninterest income. Net interest income on a fully taxable equivalent basis and noninterest income for the year ended December 31, 2014 were $858.3 million and $572.2 million, respectively.

Net interest income is primarily income generated from interest rate differentials. The difference between the interest rates received on interest-earning assets, such as loans extended to clients and securities held in our available-for-sale securities portfolio, and the interest rates paid by us on interest-bearing liabilities, such as deposits and borrowings, accounts for the major portion of our earnings. Our deposits are largely obtained from commercial clients within our technology, life science & healthcare and private equity/venture capital industry sectors. Deposits are also obtained from the premium wine industry commercial clients and from our Private Bank clients. We do not obtain deposits from conventional retail sources.

Noninterest income is primarily income generated from our fee-based services and gains on our investments and derivative securities. We offer a wide range of fee-based financial services to our clients, including global commercial banking, private banking and other business services. Our ability to integrate and cross-sell our diverse financial services to our clients is a strength of our business model. Additionally, we hold available-for-sale, held-to-maturity, non-marketable and marketable investment

securities. Subject to applicable regulatory requirements, we manage and invest in private equity/venture capital funds that invest directly in privately-held companies, as well as funds that invest in other private equity/venture capital funds. Gains on these investments are reported in our consolidated statements of income and include noncontrolling interest. We also recognize gains from warrants to acquire stock in client companies, which we obtain in connection with negotiating credit facilities and certain other services. See “Management's Discussion and Analysis of Financial Condition and Results of Operations-Noninterest Income-Gains on Investment Securities, Net” - and "-Gains on Derivative Instruments, Net" under Part II, Item 7 in this report.

We derive substantially all of our revenue from U.S. clients. We derived less than 10 percent of our total revenues from foreign clients for each of 2014, 2013 and 2012.

Industry Niches

In each of the industry niches we serve, we provide services to meet the needs of our clients throughout their life cycles, beginning with the emerging, start-up stage.

Technology and Life Science & Healthcare

We serve a variety of clients in the technology and life science & healthcare industries. Our technology clients tend to be in the industries of: hardware (such as semiconductors, communications, data storage, and electronics); software and internet (such as infrastructure software, applications, software services, digital content and advertising technology), and energy and resource innovation ("ERI"). Because of the diverse nature of ERI products and services, for our loan-related reporting purposes, ERI-related loans are reported under our hardware and software, as applicable. Our life science & healthcare clients primarily tend to be in the industries of biotechnology, medical devices, healthcare information technology and healthcare services. A key component of our technology and life science & healthcare business strategy is to develop relationships with clients at an early stage and offer them banking services that will continue to meet their needs as they mature and expand. We serve these clients primarily through three practices:

- Our **SVB Accelerator** practice focuses on serving our “emerging” or “early stage” clients. These clients are generally in the start-up or early stages of their life cycles. They are typically privately-held and funded by friends and family, “seed” or “angel” investors, or have gone through an initial round of venture capital financing. They are typically engaged in research and development, have little or no revenue and may have only brought a few products or services to market. SVB Accelerator clients tend to have annual revenues below $5 million, with many being pre-revenue companies.
- Our **SVB Growth** practice serves our “mid-stage” and “late-stage” clients. These clients are in the intermediate or later stages of their life cycles and are generally privately-held, and many are dependent on venture capital for funding. Some of these clients are in the more advanced stages of their life cycles and may be publicly held or poised to become publicly held. Our SVB Growth clients generally have a solid or more established product or service offering in the market, with more meaningful or considerable revenue. They also may be expanding globally. SVB Growth clients tend to have annual revenues between $5 million and $75 million.
- Our **SVB Corporate Finance** practice serves primarily our large corporate clients, which are more mature and established companies. These clients are generally publicly-held or large privately-held companies, have a more sophisticated product or service offering in the market, with significant revenue. They also may be expanding globally. SVB Corporate Finance clients tend to have annual revenues over $75 million.

Private Equity/Venture Capital

We provide financial services to clients in the private equity/venture capital community. Since our founding, we have cultivated strong relationships within the private equity/venture capital community, particularly with venture capital firms worldwide, many of which are also clients, facilitating deal flow to and from these firms.

Premium Wine

We are one of the leading providers of financial services to premium wine producers across the Western United States, primarily in California's Napa Valley, Sonoma County and Central Coast regions, and the Pacific Northwest. We focus on vineyards and wineries that produce grapes and premium wines.

Competition

The banking and financial services industry is highly competitive, and continues to evolve as a result of changes in regulation, technology, product delivery systems, and the general market and economic climate. Our competitors include other banks, debt funds and specialty and diversified financial services intermediaries that offer lending, leasing, payments, investment, foreign currency exchange, advisory and other financial products and services to our target client base. We also compete with other

alternative lenders, such as "marketplace" lenders, peer-to-peer lenders and other non-traditional lenders that have merged in recent years. Moreover, we compete with non-financial services, particularly payment facilitators/processors or other nonbanking technology providers in the payments industry, which may offer specialized services to our client base. In addition, we compete with hedge funds and private equity funds. The principal competitive factors in our markets include product offerings, service, pricing, and transaction size and structure. Given our established market position within the client segments that we serve, our continued efforts to develop products and services, and our ability to integrate and cross-sell our diverse financial services to extend the length of our relationships with our clients, we believe we compete favorably in all our markets in these areas.

Employees

As of December 31, 2014, we employed 1,914 full-time equivalent employees.

Supervision and Regulation

Our bank and bank holding company operations are subject to extensive regulation by federal and state regulatory agencies. This regulation is intended primarily for the stability of the U.S. banking system as well as the protection of depositors and the Deposit Insurance Fund ("DIF"). This regulation is not intended for the benefit of our security holders. As a bank holding company that has elected financial holding company status, SVB Financial Group is subject to primary inspection, supervision, regulation, and examination by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended ("BHC Act"). The Bank, as a California state-chartered bank and a member of the Federal Reserve System, is subject to primary supervision and examination by the Federal Reserve Board, as well as the California Department of Business Oversight-Division of Financial Institutions. In addition, and to the extent provided by law, the Bank's deposits are insured by the FDIC and the DIF. Our consumer banking activities are also subject to regulation by the Consumer Financial Protection Bureau (the "CFPB"). SVB Financial Group's other nonbank subsidiaries are subject to regulation by the Federal Reserve Board and other applicable federal and state regulatory agencies and self-regulatory organizations, including the SEC and the Financial Industry Regulatory Authority ("FINRA"). In addition, we are subject to regulation by certain foreign regulatory agencies in international jurisdictions where we may conduct business, including the United Kingdom, Israel, India, Hong Kong and China. (See "-International Regulation" below.)

The following discussion of statutes and regulations is a summary and does not purport to be complete. This discussion is qualified in its entirety by reference to the statutes and regulations referred to in this discussion. Regulators, Congress, state legislatures and international consultative bodies continue to enact rules, laws and policies to regulate the financial services industry and public companies and to protect consumers and investors, and regulators also have substantial discretion in the interpretation of their authority. The nature of these laws and regulations and the effect of such policies on the Company's business cannot be predicted and in some cases, may have a material and adverse effect on our business, financial condition, and/or results of operations.

Regulation of Parent: SVB Financial

Under the BHC Act, SVB Financial, as a bank holding company, is subject to the Federal Reserve's regulation and its authority to, among other things:

- Require periodic reports and such additional information as the Federal Reserve may require in its discretion;
- Require the maintenance of certain levels of capital and, under the Dodd-Frank Act, limit the ability of bank holding companies to pay dividends or bonuses unless their capital levels exceed the capital conservation buffer;
- Restrict the ability of bank holding companies to service debt or to receive dividends or other distributions from their subsidiary banks;
- Require prior approval for senior executive officer and director changes under certain circumstances;
- Require that bank holding companies serve as a source of financial and managerial strength to their banks and commit resources as necessary to support their banks. A bank holding company's failure to meet its obligations to serve as a source of strength to its subsidiary banks will generally be considered by the Federal Reserve to be an unsafe and unsound banking practice or a violation of Federal Reserve regulations or inconsistent with applicable statutory standards, or all of the foregoing;
- Terminate an activity or terminate control of or liquidate or divest certain subsidiaries, affiliates or investments if the Federal Reserve believes the activity or the control of the subsidiary or affiliate constitutes a serious risk to the financial safety, soundness or stability of any bank subsidiary;
- Regulate provisions of certain bank holding company debt, including the authority to impose interest ceilings and reserve requirements on such debt and require prior approval to purchase or redeem our securities in certain situations; and

- Approve acquisitions and mergers with banks and consider certain competitive, management, financial, financial stability and other factors in granting these approvals. Similar California and other state banking agency approvals may also be required.

Bank holding companies are generally prohibited, except in certain statutorily prescribed instances including exceptions for financial holding companies, from acquiring direct or indirect ownership or control of more than 5% of the outstanding voting shares of any company that is not a bank or bank holding company and from engaging directly or indirectly in activities other than those of banking, managing or controlling banks, or furnishing services to its subsidiaries. However, subject to prior notice or Federal Reserve Board approval, bank holding companies may engage in, or acquire shares of companies engaged in, activities determined by the Federal Reserve Board to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. As a financial holding company, SVB Financial generally may engage in these nonbanking activities and certain other broader securities, insurance, merchant banking and other activities that the Federal Reserve has determined to be "financial in nature" or are incidental or complementary to activities that are financial in nature without prior Federal Reserve approval, subject to the requirement imposed by the Dodd-Frank Act that SVB Financial must obtain prior Federal Reserve approval in order to acquire a nonbanking company engaged in financial activities with more than $10 billion in consolidated assets.

Pursuant to the Gramm-Leach-Bliley Act of 1999 ("GLBA"), in order to elect and retain financial holding company status, all depository institution subsidiaries of a bank holding company must be well-capitalized, well-managed, and, except in limited circumstances, in satisfactory compliance with the Community Reinvestment Act ("CRA"). In addition, pursuant to the Dodd-Frank Act, a financial holding company, and no longer just its bank, is required to be well-capitalized and well-managed. Failure to sustain compliance with these requirements or correct any non-compliance within a fixed time could lead to divestiture of subsidiary banks, require all activities to conform to those permissible for a bank holding company, or subject the financial holding company to other regulatory restrictions.

Because we are a holding company, our rights and the rights of our creditors and security holders to participate in the assets of any of our subsidiaries upon the subsidiary's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors, except to the extent we may ourselves be a creditor with recognized claims against the subsidiary. In addition, there are various statutory and regulatory limitations on the extent to which the Bank can finance or otherwise transfer funds to us or to our non–bank subsidiaries, including certain investment funds to which the Bank serves as an investment adviser, whether in the form of loans or other extensions of credit, including a purchase of assets subject to an agreement to repurchase, securities investments, the borrowing or lending of securities to the extent that the transaction causes the Bank or a subsidiary to have credit exposure to the affiliate, or certain other specified types of transactions, as discussed in further detail below. Furthermore, loans and other extensions of credit by the Bank to us or any of our non–bank subsidiaries are required to be secured by specified amounts of collateral and are required to be on terms and conditions consistent with safe and sound banking practices.

SVB Financial is also treated as a bank holding company under the California Financial Code. As such, SVB Financial and its subsidiaries are subject to periodic examination by and may be required to file reports with the DBO.

Securities Registration and Listing

SVB Financial's securities are registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and listed on the NASDAQ Global Select Market. As such, SVB Financial is subject to the information, proxy solicitation, insider trading, corporate governance, and other requirements and restrictions of the Exchange Act, as well as the Marketplace Rules and other requirements promulgated by the Nasdaq Stock Market, Inc.

As a public company, SVB Financial is also subject to the accounting oversight and corporate governance requirements of the Sarbanes–Oxley Act of 2002, including, among other things, required executive certification of financial presentations, increased requirements for board audit committees and their members, and enhanced requirements relating to disclosure controls and procedures and internal control over financial reporting.

The Dodd-Frank Wall Street Reform and Consumer Protection Act

On July 21, 2010, the Dodd-Frank Act was signed into law. The Dodd-Frank Act was intended to make significant structural reforms to the financial services industry. The Dodd-Frank Act broadly affects the financial services industry by creating new resolution authorities, requiring ongoing stress testing of capital, mandating higher capital and liquidity requirements, increasing regulation of executive and incentive-based compensation and requiring numerous other provisions aimed at strengthening the sound operation of the financial services sector depending, in part, on the asset size of the financial institution. Among other things, the Dodd-Frank Act provides for:

- Capital standards applicable to bank holding companies may be no less stringent than those generally applied to insured depository institutions;
- Restrictions on dividends and other discretionary payments if capital levels do not exceed the capital conservation buffer;
- Annual stress tests for financial entities, including the Bank;
- Additional risk management and other prudential requirements for larger bank holding companies with $50 billion or greater in total consolidated assets (such requirements may have the effect of establishing new best practices standards for bank holding companies below $50 billion in total consolidated assets, such as SVB Financial);
- Restrictions on a banking institution's ability to sponsor, invest in or lend to certain funds, including venture capital, hedge and private equity funds;
- Repeal of the federal prohibition (Regulation Q) on the payment of interest on demand deposits, including business checking accounts, and made permanent the $250,000 limit for federal deposit insurance;
- The establishment of the CFPB with responsibility for promulgating and enforcing regulations designed to protect consumers' financial interests and prohibit unfair, deceptive and abusive acts and practices by financial institutions;
- The CFPB to directly examine those financial institutions with $10 billion or more in assets, such as SVB Financial, for compliance with the regulations promulgated by the CFPB;
- Limits, or imposes significant burdens and compliance and other costs on, certain activities traditionally conducted by banking organizations, such as originating and securitizing mortgage loans and other financial assets, arranging and participating in swap and derivative transactions, proprietary trading and investing in private equity and other funds and restrictions on debit charge interchange fees; and
- The establishment of new compensation restrictions and standards regarding the time, manner and form of compensation given to key executives and other personnel receiving incentive compensation, including documentation and governance, proxy access by stockholders, deferral and claw-back requirements.

The Dodd-Frank Act also requires the issuance of numerous implementing regulations, some of which have not yet been issued. Some of the final regulations will continue to take effect over several more years, continuing to make it difficult to anticipate the overall impact to us, our customers, or the financial industry in general. Individually and collectively, both proposed and final regulations resulting from the Dodd-Frank Act may materially and adversely affect our businesses, financial conditions and results of operations. Moreover, we are expanding globally. Global regulation is also becoming more stringent, which may have a greater impact on our business.

Regulation of Silicon Valley Bank

The Bank is a California state-chartered bank, a member and stockholder of the Federal Reserve and a member of the FDIC. The Bank is subject to primary supervision, periodic examination and regulation by the DBO and the Federal Reserve, as the Bank's primary federal regulator. In general, under the California Financial Code, California banks have all the powers of a California corporation, subject to the general limitation of state bank activities and investments under the Federal Deposit Insurance Act, as amended ("FDIA"), to those permissible for national banks. Specific federal and state laws and regulations which are applicable to banks regulate, among other things, the scope of their business, their investments, their transactions with affiliates, their foreign operations, their reserves against deposits, the timing of the availability of deposited funds and the nature and amount of and collateral for certain loans. The regulatory structure also gives the bank regulatory agencies extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes. If, as a result of an examination, the DBO or the Federal Reserve should determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity, or other aspects of the Bank's operations are unsatisfactory or that the Bank or its management is violating or has violated any law or regulation, the DBO and the Federal Reserve, and separately FDIC as insurer of the Bank's deposits, have prudential authority to:

- Require affirmative action to correct any conditions resulting from any violation or practice;
- Require prior approval for senior executive officer and director changes;
- Direct an increase in capital and the maintenance of specific minimum capital ratios which may preclude the Bank from being deemed well capitalized for regulatory purposes;
- Restrict the Bank's growth geographically, by products and services, or by mergers and acquisitions;
- Enter into informal or formal enforcement orders, including memoranda of understanding, written agreements and consent or cease and desist orders to take corrective action and enjoin unsafe and unsound practices;
- Restrict or prohibit the Bank from paying dividends or making other distributions to SVB Financial;
- Remove officers and directors and assess civil monetary penalties; and
- Take possession of and close and liquidate the Bank.

Pursuant to applicable California and federal law, state chartered commercial banks are permitted to engage in any activity permissible for national banks. Therefore, the Bank may form subsidiaries to engage in the many so-called "closely related to banking" or "nonbanking" activities commonly conducted by national banks in operating subsidiaries, and further, the Bank may conduct certain "financial" activities in a subsidiary that would be impermissible for the Bank itself to the same extent as may a national bank, provided the Bank remains "well-capitalized," "well-managed" and in satisfactory compliance with the CRA. The Bank continues to be in satisfactory compliance with the CRA.

Regulatory Capital

In July 2013, the Federal Reserve Board, FDIC and OCC published final rules establishing a new comprehensive capital framework for U.S. banking organizations. The agencies said that they believe that the new rules will result in capital requirements that better reflect banking organizations' risk profiles. The rules implement the "Basel III" regulatory capital reforms and changes required by the Dodd-Frank Act. "Basel III" refers to the internationally agreed regulatory capital framework released by the Basel Committee on Banking Supervision. The new rules became effective for SVB Financial and the Bank in January 2015, with some rules being transitioned into full effectiveness over two to four years. The new capital rules, among other things, (i) require elevated capital levels for the Bank and SVB Financial; (ii) introduce a new capital measure limited to common equity called "Common Equity Tier 1" ("CET1") and a related regulatory capital ratio of CET 1 to risk-weighted assets; (iii) specify that Tier 1 capital consists of CET1 and "Additional Tier 1 capital" instruments meeting specified requirements; (iv) increase minimum capital adequacy standards as measured by leverage and Tier 1 capital ratios; (v) change the risk-weightings of certain on- and off-balance sheet assets for purposes of risk-based capital ratios; (vi) create an additional capital conservation buffer (which will limit dividends and other discretionary payments if not satisfied) above the required capital ratios; (vii) limit what qualifies as capital for purposes of meeting the various capital requirements; (viii) apply most deductions/adjustments to regulatory capital measures to CET1 and not to the other components of capital, thus potentially requiring higher levels of CET1 in order to meet minimum ratios; and (ix) expand the scope of the deductions from and adjustments to capital as compared to prior regulations.

In addition, the Bank is required to demonstrate its ability to maintain sufficient capital ratios under the scenarios of adverse and severely adverse financial conditions that are part of Federal Reserve Board stress testing requirements. Bank holding companies with total consolidated assets between $10 billion and $50 billion and state member banks with total consolidated assets of more than $10 billion, such as SVB Financial and the Bank, are now generally required to conduct annual company-run stress tests, the results of which could require us to take certain actions, including raising additional capital. We are required to submit to the Federal Reserve Board the results of the annual company-run stress tests and to make summaries of the results of the company-run stress tests available to the public.

Under the new capital rules, CET1 is defined as common stock, plus related surplus, and retained earnings plus limited amounts of minority interest in the form of common stock, less the majority of the regulatory deductions. The new capital rules, like the prior capital rules, specify that total capital consists of Tier 1 capital and Tier 2 capital. Tier 1 capital for SVB Financial and the Bank consists of common stock, plus related surplus and retained earnings. Under the new capital rules, for most banking organizations, the most common form of Additional Tier 1 capital is noncumulative perpetual preferred stock and the most common form of Tier 2 capital is subordinated notes and a portion of the allowance for loan and lease losses ("ALLL"), in each case, subject to the new capital rules' specific requirements.

The new capital rules require a number of changes to regulatory capital deductions and adjustments, subject to a transition period. These changes include, for example, the requirement that deferred tax assets ("DTAs") arising from temporary differences that could not be realized through net operating loss carrybacks and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such items, in the aggregate, exceed 15% of CET1. In addition, under the previous capital rules, certain effects of accumulated other comprehensive income or loss items included in shareholders' equity were reversed for the purposes of determining regulatory capital ratios. Under the new capital rules, the effects of certain accumulated other comprehensive items are not excluded; however, non-advanced approaches banking organizations, including SVB Financial and the Bank, may make a one-time permanent election to continue to exclude these items. This election must be made in the first of certain of SVB Financial's and the Bank's periodic regulatory reports filed after January 1, 2015, which will occur in April 2015 upon filing our first quarter 2015 regulatory reports. At this time, we expect to make this election to reduce the impact of market volatility on SVB Financial's and the Bank's regulatory capital levels. Implementation of the deductions and other adjustments to CET1 began on January 1, 2015 and will be phased-in over a four-year period (beginning at 40% on January 1, 2015 and a 20% percentage-point increase per year until reaching 100%).

The newly effective capital rules also include changes in the risk-weighting of assets to better reflect perceived credit risk and other risk exposure and requires higher tangible common equity components of capital. These include a 150% risk weight (up from 100%) for certain high volatility commercial real estate acquisition, development and construction loans and for non-residential mortgage loans that are 90 days past due or otherwise in nonaccrual status and a 20% (up from 0%) credit conversion

factor for the unused portion of a commitment with an original maturity of one year or less that is not unconditionally cancellable (currently set at 0%). Under the new capital rules, the minimum capital ratios beginning January 1, 2015 are as follows:

- 4.5% CET1 to risk-weighted assets
- 6.0% Tier 1 capital to risk-weighted assets
- 8.0% Total capital to risk-weighted assets
- 4% Tier 1 capital to average consolidated assets as reported on consolidated financial statements (known as the "leverage ratio")

The new capital rules will require SVB Financial and the Bank to meet a capital conservation buffer requirement in order to avoid constraints on capital distributions, such as dividends and equity repurchases, and certain bonus compensation for executive officers. To meet the requirement when it is fully phased in, the organization must maintain an amount of CET1 capital that exceeds the buffer level of 2.5% above each of the minimum risk-weighted capital ratios. The requirement will be phased in over a four year period, starting January 1, 2016, when the amount of such capital must exceed the buffer level of 0.625%. The buffer level will increase by 0.625 percentage point each year until it reaches 2.5% on January 1, 2019. When the capital conservation buffer requirement is fully phased in, to avoid constraints, a banking organization must maintain the following capital ratios (after any distribution): (i) CET1 to risk-weighted assets more than 7.0%, (ii) Tier 1 capital to risk-weighted assets more than 8.5%, and (iii) total capital (Tier 1 plus Tier 2) to risk-weighted assets more than 10.5%.

With respect to the Bank, the new capital rules also revise the "prompt corrective action" regulations effective January 1, 2015, by (i) introducing a CET1 ratio requirement at each level (other than critically undercapitalized), with the required CET1 ratio being 6.5% for well-capitalized status; (ii) increasing the minimum Tier 1 capital ratio requirement for each category, with the minimum Tier 1 capital ratio for well-capitalized status being 8% (as compared to the current 6%); and (iii) eliminating the current provision that provides that a bank with a composite supervisory rating of 1 may have a 3% leverage ratio and still be adequately capitalized. The new capital rules do not change the total risk-based capital requirement for any "prompt corrective action" category. See "- Prompt Corrective Action and Other General Enforcement Authority" below.

Although we continue to evaluate the impact that the new capital rules have on SVB Financial and the Bank, we believe that SVB Financial and the Bank meet all capital requirements under the new capital rules on a fully phased-in basis as if such requirements were effective as of December 31, 2014. The estimate is based on management's current interpretation, expectations, and understanding of the new capital rules. We anticipate that the Bank will continue to exceed the well-capitalized minimum capital requirements, and that SVB Financial will continue to qualify as a financial holding company.

Capital Planning

Banking organizations must have appropriate capital planning processes, with proper oversight from the Board of Directors. Accordingly, pursuant to a separate, general supervisory letter from the Federal Reserve, bank holding companies are expected to conduct and document comprehensive capital adequacy analyses prior to the declaration of any dividends (on common stock, preferred stock, trust preferred securities or other Tier 1 capital instruments), capital redemptions or capital repurchases. Moreover, the federal banking agencies have adopted a joint agency policy statement, stating that the adequacy and effectiveness of a bank's interest rate risk management process and the level of its interest rate exposures are critical factors in the evaluation of the bank's capital adequacy. A bank with material weaknesses in its interest rate risk management process or high levels of interest rate exposure relative to its capital will be directed by the relevant federal banking agencies to take corrective actions. Banks with $50 billion or more in total consolidated assets are required to submit capital plans to the Federal Reserve Board, and failure to submit a satisfactory plan can result in dividend and other restrictions.

Proprietary Trading and Certain Relationships with Hedge Funds and Private Equity Funds

The "Volcker Rule" under the Dodd-Frank Act restricts, among other things, a bank's proprietary trading activities and a bank's ability to sponsor or invest in certain privately offered funds, including certain venture capital, hedge and private equity funds. On December 10, 2013, the federal bank regulatory agencies, the SEC and the CFTC adopted final regulations implementing the Volcker Rule. The final regulations became effective on April 1, 2014, subject to a conformance timeline pursuant to which affected entities (referred to as "banking entities") are required to bring their activities and investments into conformance with the prohibitions and restrictions of the Volcker Rule and the final regulations thereunder.

Subject to certain exceptions, the Volcker Rule prohibits a banking entity from engaging in "proprietary trading," which is defined as engaging as principal for the "trading account" of the banking entity in securities or certain other financial instruments. Certain forms of proprietary trading may qualify as "permitted activities," and thus not be subject to the ban on proprietary trading, such as market-making related activities, risk-mitigating hedging activities, trading in U.S. government or

agency obligations, or certain other U.S. state or municipal obligations, and the obligations of Fannie Mae, Freddie Mac or Ginnie Mae. Based on this definition and the exceptions provided under the recently-issued regulations, we do not believe that we engage in any proprietary trading that is prohibited under the Volcker Rule.

Additionally, subject to certain exceptions, the rule prohibits a banking entity from sponsoring or investing in "covered funds," which includes many venture capital, private equity and hedge funds. One such exception permits a banking entity to sponsor and invest in a covered fund that it organizes and offers to customers, provided that additional requirements are met. These permitted investments generally are limited to three percent of the total ownership interests in each covered fund. In addition, the aggregate investments a banking entity makes in all covered funds generally are limited to three percent of the institution's Tier 1 capital.

Under the final regulations, the Volcker Rule's prohibitions and restrictions apply to SVB Financial, the Bank and any affiliate of SVB Financial or the Bank. SVB Financial maintains investments in certain venture capital and private equity funds that it did not sponsor; maintains investments in sponsored-funds that exceed three percent of each such fund's total ownership interests; and its aggregate investments in all covered funds may exceed three percent of its Tier 1 capital. SVB Financial (including its affiliates) expects, therefore, that it will be required to reduce the level of its investments in covered funds over time and to forego investment opportunities in certain funds in the future. SVB Financial is generally required by the final rules to come into conformance with the Volcker Rule's requirements regarding covered funds by July 2016 with respect to covered funds in which SVB Financial invested or SVB Financial sponsored as of December 31, 2013. The Federal Reserve Board has indicated that it intends to extend this conformance deadline to July 2017. In addition, the Federal Reserve Board may extend the conformance deadline for up to an additional five years (until July 2022) for investments that are considered illiquid. We intend to seek the maximum extensions (up to July 2022) available to us. However, there is no guarantee that the Federal Reserve Board will grant any of these extensions.

We estimate that our total venture capital and private equity fund investments deemed to be prohibited covered fund interests and therefore subject to the Volcker Rule's restrictions, had, as of December 31, 2014, an aggregate carrying value of approximately $246 million (and an aggregate fair value of $338 million). These covered fund interests are comprised of interests attributable, solely, to the Company in our consolidated managed funds and certain of our non–marketable securities.

We continue to assess the financial impact of these rules on our fund investments, as well as the impact of other Volcker Rule restrictions on other areas of our business. (See "Risk Factors" under Item 1A of Part I below.)

Prompt Corrective Action and Other General Enforcement Authority

State and federal banking agencies possess broad powers to take corrective and other supervisory action against an insured bank and its holding company. The FDIA requires each federal banking agency to take prompt corrective action to resolve the problems of insured depository institutions, including those that fall below one or more prescribed minimum capital ratios. The law requires each federal banking agency to promulgate regulations defining five categories in which an insured depository institution will be placed, based on the level of its capital ratios: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. At each successive lower capital category, an insured depository institution is subject to more restrictions and prohibitions, including restrictions on growth, restrictions on interest rates paid on deposits, restrictions or prohibitions on payment of dividends and restrictions on the acceptance of brokered deposits. Furthermore, if an insured depository institution is classified in one of the undercapitalized categories, it is required to submit a capital restoration plan to the appropriate federal banking agency, and the holding company must guarantee the performance of that plan. Based upon its capital levels, a bank that is classified as well-capitalized, adequately capitalized, or undercapitalized may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for hearing, determines that an unsafe or unsound condition, or an unsafe or unsound practice, warrants such treatment.

Bank holding companies and insured banks also may be subject to potential enforcement actions of varying levels of severity by the federal regulators for unsafe or unsound practices in conducting their business, or for violation of any law, rule, regulation, condition imposed in writing by the agency or term of a written agreement with the agency. In more serious cases, enforcement actions may include the issuance of directives to increase capital; the issuance of formal and informal agreements; the imposition of civil monetary penalties; the issuance of a cease and desist order that can be judicially enforced; the issuance of removal and prohibition orders against officers, directors, and other institution–affiliated parties; the termination of the bank's deposit insurance; the appointment of a conservator or receiver for the bank; and the enforcement of such actions through injunctions or restraining orders based upon a judicial determination that the agency would be harmed if such equitable relief was not granted.

Safety and Soundness Guidelines

Banking regulatory agencies have adopted guidelines to assist in identifying and addressing potential safety and soundness concerns before capital becomes impaired. The guidelines establish operational and managerial standards generally relating to: (i) internal controls, information systems, and internal audit systems; (ii) loan documentation; (iii) credit underwriting; (iv) interest-rate exposure; (v) asset growth and asset quality; and (vi) compensation, fees and benefits. In addition, the bank regulatory agencies have adopted safety and soundness guidelines for asset quality and for evaluating and monitoring earnings to ensure that earnings are sufficient for the maintenance of adequate capital and reserves. The Federal Reserve Board's enhanced prudential standards require bank holding companies with total consolidated assets of $10 billion or more to establish and maintain risk management committees for their boards of directors to oversee the bank holding companies' risk management frameworks. In January 2015, we formed a risk committee of our Board of Directors. Bank holding companies with total consolidated assets of $50 billion and greater are subject to more stringent board risk committee and risk management requirements, including liquidity risk requirements.

Restrictions on Dividends

Dividends from the Bank constitute one of the primary sources of cash for SVB Financial. The Bank is subject to various federal and state statutory and regulatory restrictions on its ability to pay dividends, including applicable provisions of the California Financial Code and the prompt corrective action regulations. In addition, the banking agencies have the authority to prohibit the Bank from paying dividends, depending upon the Bank's financial condition, if such payment is deemed to constitute an unsafe or unsound practice. Furthermore, under the federal prompt corrective action regulations, the Federal Reserve Board may prohibit a bank holding company from paying any dividends if the holding company's bank subsidiary is classified as "undercapitalized."

It is the Federal Reserve's policy that bank holding companies should generally pay dividends on common stock only out of income available over the past years, and only if prospective earnings retention is consistent with the organization's expected future needs and financial condition. It is also the Federal Reserve's policy that bank holding companies should not maintain dividend levels that undermine their ability to be a source of strength to its banking subsidiaries. Additionally, in consideration of the recent financial and economic environment, the Federal Reserve has indicated that bank holding companies should carefully review their dividend policy and has discouraged payment ratios that are at maximum allowable levels unless both asset quality and capital are very strong.

Transactions with Affiliates

Transactions between the Bank and its operating subsidiaries (such as SVB Securities and SVB Asset Management) on the one hand, and the Bank's affiliates (such as SVB Financial, SVB Analytics, Inc. or an entity affiliated with our SVB Capital business) on the other, are subject to restrictions imposed by federal and state law, designed to protect the Bank and its subsidiaries from engaging in unfavorable behavior with their affiliates. The Dodd-Frank Act further extended the definition of an "affiliate" to include any investment fund to which the Bank or an affiliate serves as an investment adviser. More specifically, these restrictions, contained in the Federal Reserve's Regulation W, prevent SVB Financial and other affiliates from borrowing from, or entering into other credit transactions with, the Bank or its operating subsidiaries unless the loans or other credit transactions are secured by specified amounts of collateral, and also requires that the Bank enter into such transaction on terms no less favorable to the Bank than the terms of an arms' length transaction with an unaffiliated party. Moreover, all loans and credit transactions and other "covered transactions" by the Bank and its operating subsidiaries with any one affiliate are limited, in the aggregate, to 10% of the Bank's capital and surplus; and all loans and credit transactions and other "covered transactions" by the Bank and its operating subsidiaries with all affiliates are limited, in the aggregate, to 20% of the Bank's capital and surplus. For this purpose, a "covered transaction" generally includes, among other things, a loan or extension of credit to an affiliate, including a purchase of assets subject to an agreement to repurchase; a purchase of or investment in securities issued by an affiliate; the acceptance of a security issued by an affiliate as collateral for an extension of credit to any borrower; the borrowing or lending of securities where the Bank has credit exposure to the affiliate; the acceptance of "other debt obligations" of an affiliate as collateral for a loan to a third party; any derivative transaction that causes the Bank to have credit exposure to an affiliate; and the issuance of a guarantee, acceptance, or letter of credit on behalf of an affiliate. The Dodd-Frank Act treats derivative transactions resulting in credit exposure to an affiliate as covered transactions. It expands the transactions for which collateral is required to be maintained, and for all such transactions, it requires collateral to be maintained at all times. In addition, the Volcker Rule under the Dodd-Frank Act establishes certain prohibitions, restrictions and requirements (known as "Super 23A" and "Super 23B") on transactions between a covered fund and a banking entity that serves as an investment manager, investment adviser, organizer and offeror, or sponsor with respect to that covered fund, regardless whether the banking entity has an ownership interest in the fund.

Loans to Insiders

Extensions of credit by the Bank to insiders of both the Bank and SVB Financial are subject to prohibitions and other restrictions imposed by the Federal Reserve's Regulation O. For purposes of these limits, "insiders" include directors, executive officers and principal stockholders of the Bank or SVB Financial and their related interests. The term "related interest" means a company controlled by a director, executive officer or principal stockholder of the Bank or SVB Financial. The Bank may not extend credit to an insider of the Bank or SVB Financial unless the loan is made on substantially the same terms as, and subject to credit underwriting procedures that are no less stringent than, those prevailing at the time for comparable transactions with non-insiders. Under federal banking regulations, the Bank may not extend credit to insiders in an amount, when aggregated with all other extensions of credit, is greater than $500,000 without prior approval from the Bank's Board of Directors (with any interested person abstaining from participating directly or indirectly in the voting). California law, the federal regulations and the Dodd-Frank Act place additional restrictions on loans to insiders, and generally prohibit loans to executive officers other than for certain specified purposes. The Bank is required to maintain records regarding insiders and extensions of credit to them.

Premiums for Deposit Insurance

The FDIC insures our customer deposits through the DIF up to prescribed limits for each depositor. In recent years, due to higher levels of bank failures, the FDIC's resolution costs increased, which depleted the DIF. In order to restore the DIF to its statutorily mandated minimum of 1.35% of total deposits, the FDIC has increased deposit insurance premium rates. The FDIC must seek to achieve the 1.35% ratio by September 30, 2020. Insured institutions with assets of $10 billion or more, such as the Bank, are responsible for funding the increase. The Bank bases its assessment rate on a risk–based scorecard calculation provided by the FDIC. In addition, the FDIC retains the authority to further increase the Bank's assessment rates and the FDIC has established a higher reserve ratio of 2% as a long-term goal which goes beyond what is required by statute. Continued increases in our FDIC insurance premiums could have an adverse effect on the Bank's results of operations. For the year ended December 31, 2014, we recorded $19.2 million in FDIC assessments expense.

Consumer Regulations

The Bank is subject to many federal consumer protection statutes and regulations, such as the CRA, the Equal Credit Opportunity Act, the Truth in Lending Act, the Foreign Account Tax Compliance Act, the National Flood Insurance Act, the Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transaction Act and various federal and state privacy protection laws. In addition, the CFPB has the authority to conduct examinations for all depository institutions with total assets of $10 billion or more, which includes the Bank. The CFPB's mandate is to promulgate consumer regulations and ensure that consumer financial practices at large banks, such as the Bank, comply with consumer financial protection legal requirements. The CFPB's authority includes the ability to examine all subsidiaries and affiliates of the Bank as well. Penalties for violating these laws could subject the Bank to lawsuits and could also result in administrative penalties, including, fines and reimbursements and orders to halt expansion/existing activities. The CFPB has broad authority to institute various enforcement actions, including investigations, civil actions, cease and desist proceedings and the ability to refer criminal findings to the Department of Justice. The Bank and SVB Financial are also subject to federal and state laws prohibiting unfair, corrupt or fraudulent business practices, untrue or misleading advertising and unfair competition.

Examination and enforcement by the state and federal banking agencies, and other such enforcement authorities, for non-compliance with consumer protection laws and their implementing regulations have increased and become more intense. The advent of the CFPB further heightens oversight and review of compliance with consumer protection laws and regulations. Due to these heightened regulatory concerns and new powers and authority of the CFPB, the Bank and its affiliates may incur additional compliance costs or be required to expend additional funds for investments in their local community.

Anti-Money Laundering Regulations

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act ("USA PATRIOT Act") of 2001 and its implementing regulations substantially broadened the scope of U.S. anti-money laundering laws and regulations by requiring insured depository institutions, broker-dealers, and certain other financial institutions to have policies, procedures, and controls to detect, prevent, and report money laundering and terrorist financing. The USA PATRIOT Act and its regulations also provide for information sharing, subject to conditions, between federal law enforcement agencies and financial institutions, as well as among financial institutions, for counter-terrorism purposes. Federal banking regulators are required, when reviewing bank holding company acquisition and bank merger applications, to take into account the effectiveness of the anti-money laundering activities of the applicants. Material deficiencies in anti-money laundering compliance can result in public enforcement actions by the bank regulatory agencies, including the imposition of civil money penalties and supervisory restrictions on growth and expansion. Such enforcement actions could also have serious reputational consequences for SVB Financial and the Bank.

Regulation of Certain Subsidiaries

SVB Asset Management is registered with the SEC under the Investment Advisers Act of 1940, as amended, and is subject to its rules and regulations. SVB Securities is registered as a broker-dealer with the SEC and is subject to regulation by the SEC and FINRA. SVB Securities is also a member of the Securities Investor Protection Corporation. As a broker-dealer, SVB Securities is subject to Rule 15c3-1 under the Securities Exchange Act of 1934, as amended, which is designed to measure the general financial condition and liquidity of a broker-dealer. Under this rule, SVB Securities is required to maintain the minimum net capital deemed necessary to meet its continuing commitments to customers and others. Under certain circumstances, this rule could limit the ability of the Bank to withdraw capital from SVB Securities. In addition, following completion of various studies on investment advisers and broker–dealers required by the Dodd-Frank Act, the SEC has, among other things, recommended to Congress that it consider various means to enhance the SEC's examination authority over investment advisers, which may have an impact on SVB Asset Management that we cannot currently assess.

International Regulation

Our international-based subsidiaries and global activities, including our banking branch in the United Kingdom and our joint venture bank in China are subject to the respective laws and regulations of those countries and the regions in which they operate. This includes laws and regulations promulgated by, but not limited to, the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, the China Banking Regulatory Commission, the Hong Kong Monetary Authority and the Reserve Bank of India. Moreover, promulgation by standard-setting bodies that are charged with the development of international regulatory frameworks, such as the Basel Committee on Banking Supervision, can affect the Bank and SVB Financial globally as national regulators implement the frameworks in local jurisdictions.

Available Information

We make available free of charge through our Internet website, http://www.svb.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The contents of our website are not incorporated herein by reference and the website address provided is intended to be an inactive textual reference only.

ITEM 1A. RISK FACTORS

Our business faces significant risks, including credit, market/liquidity, operational, legal/regulatory and strategic/reputation risks. The factors described below may not be the only risks we face and are not intended to serve as a comprehensive listing or be applicable only to the category of risk under which they are disclosed. The risks described below are generally applicable to more than one of the following categories of risks. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations. If any of the events or circumstances described in the following factors actually occurs, our business, financial condition and/or results of operations could be materially and adversely affected.

Credit Risks

Because of the credit profile of our loan portfolio, our levels of nonperforming assets and charge-offs can be volatile. We may need to make material provisions for loan losses in any period, which could reduce net income and/or increase net losses in that period.

Our loan portfolio has a credit profile different from that of most other banking companies. The credit profile of our clients varies across our loan portfolio, based on the nature of the lending we do for different market segments. In our portfolios for emerging, early-stage and mid-stage privately-held companies, many of our loans are made to companies with modest or negative cash flows and/or no established record of profitable operations. Repayment of these loans may be dependent upon receipt by borrowers of additional equity financing from venture capitalists or others, or in some cases, a successful sale to a third party, public offering or other form of liquidity event. Over the past several years, overall economic conditions have improved, particularly since the financial crisis of 2008. Venture capital financing activity, as well as mergers & acquisitions ("M&A") and initial public offerings ("IPOs") - activities on which venture capital firms rely to "exit" investments to realize returns - have increased to healthier levels. If current economic conditions weaken or do not continue to improve, such activities may slow down in a meaningful manner, which may impact the financial health of our client companies. In such case, venture capital firms

may provide financing in a more selective manner, at lower levels, and/or on less favorable terms, any of which may have an adverse effect on our borrowers that are otherwise dependent on such financing to repay their loans to us. Moreover, collateral for many of our loans often includes intellectual property, which is difficult to value and may not be readily salable in the case of default. Because of the intense competition and rapid technological change that characterizes the companies in the technology and life science & healthcare industry sectors, the two sectors in which most of our borrowers reside, as well as periodic volatility in the market prices for their securities, a borrower's financial position can deteriorate rapidly.

Some of our loans to our larger clients (including those in our Corporate Finance practice which serves our large corporate clients, typically with annual revenues over $75 million) may be made to companies with greater levels of debt relative to their equity, balance sheet liquidity, and/or cash flow. We have been continuing to increase our efforts to lend to larger corporate and private equity clients, as well as to underwrite larger loans. These larger loans include loans equal to or greater than $20 million to a single client, which has over time represented, and continues to represent, an increasingly larger proportion of our total loan portfolio. Additionally, in recent periods, we have increased our efforts to make sponsor-led buyout loans, which are leveraged buyout or recapitalization financings that are typically sponsored by our private equity clients. These buyout loans tend to be larger in size, many of which individually are greater than $20 million. Increasing our loan commitments, especially larger loans, could increase the impact on us of any single borrower default. Moreover, we have been increasing our participation in larger syndicated credit facilities agented by other financial institutions, where our control or decision-making ability over the credit facility is limited to our participation interest.

We may also enter into financing arrangements with our clients, the repayment of which may be dependent on third parties' financial condition or ability to meet their payment obligations. For example, we enter into factoring arrangements which are secured by our clients' accounts receivable from third parties with whom they do business. We also make loans secured by letters of credit issued by other third party banks, or we enter into letters of credit discounting arrangements, the repayment of which may be dependent on the reimbursement by third party banks. We also extend recurring revenue-based lines of credit, where repayment may be dependent on borrowers' revenues from third parties. Ultimately, these third parties may not meet their financial obligations to our clients or to us, which could have an adverse impact on us.

In our loan portfolio of private equity and venture capital firm clients, many of our clients have lines of credit, the repayment of which is dependent on the payment of capital calls or management fees by the underlying limited partner investors in the funds managed by these firms. In recent periods, we have increased the levels of these capital call lines of credit. These limited partner investors may face liquidity issues or have difficulties meeting their financial commitments, especially during unstable economic times, which may lead to our clients' inability to meet their repayment obligations to us.

We also lend primarily to private equity/venture capital professionals through SVB Private Bank. These individual clients may face difficulties meeting their financial commitments, especially during a challenging economic environment, and may be unable to repay their loans. We also lend to premium wineries and vineyards through our wine practice. Repayment of loans made to these clients may be dependent on overall wine demand and sales, or other sources of financing or income (which may be adversely affected by a challenging economic environment), and overall grape supply (which may be adversely affected by poor weather, drought, earthquake, or other natural conditions). The state of California continues to experience severe drought conditions for the fourth straight year in 2015 due to extremely low levels of rainfall. In January 2014, Governor Jerry Brown declared a drought emergency for California. Most of our clients' wineries and vineyards are based in California, and the drought and any restrictions on water usage may have a material adverse effect on our borrower clients in our Wine practice and their ability to repay their loans.

See "Loans" under "Management's Discussion and Analysis of Financial Condition and Results of Operations --- Consolidated Financial Condition" under Part II, Item 7 in this report.

Based on the credit profile of our overall loan portfolio, our level of nonperforming loans, loan charge-offs and allowance for loan losses can be volatile and can vary materially from period to period. Increases in our level of nonperforming loans or loan charge-offs may require us to increase our provision for loan losses in any period, which could reduce our net income or cause net losses in that period. Additionally, such increases in our level of nonperforming loans or loan charge-offs may also have an adverse effect on our capital ratios, credit ratings and market perceptions of us.

Our allowance for loan losses is determined based upon both objective and subjective factors, and may not be adequate to absorb loan losses.

As a lender, we face the risk that our borrower clients will fail to pay their loans when due. If borrower defaults cause large aggregate losses, it could have a material adverse effect on our business, results of operations or financial condition. We reserve for such losses by establishing an allowance for loan losses, the increase of which results in a charge to our earnings as a provision

for loan losses. We have established an evaluation process designed to determine the adequacy of our allowance for loan losses. While this evaluation process uses historical and other objective information, the classification of loans and the forecasts and establishment of loan losses are also dependent on our subjective assessment based upon our experience and judgment. Actual losses are difficult to forecast, especially if such losses stem from factors beyond our historical experience or are otherwise inconsistent or out of pattern with regards to our credit quality assessments. Moreover, our regulators, as part of their supervisory function, periodically review our methodology, models and the underlying assumptions, estimates and assessments we use for calculating, and the adequacy of, our allowance for loan losses. Our regulators, based on their judgment, may conclude that we should modify our methodology or models, reclassify or downgrade our loans, increase our allowance for loan losses, and/or recognize further losses. There can be no assurance that our allowance for loan losses will be sufficient to absorb future loan losses or prevent a material adverse effect on our business, financial condition or results of operations.

The borrowing needs of our clients may be unpredictable, especially during a challenging economic environment. We may not be able to meet our unfunded credit commitments, or adequately reserve for losses associated with our unfunded credit commitments, which could have a material adverse effect on our business, financial condition, results of operations or reputation.

A commitment to extend credit is a formal agreement to lend funds to a client as long as there is no violation of any condition established under the agreement. The actual borrowing needs of our clients under these credit commitments have historically been lower than the contractual amount of the commitments. A significant portion of these commitments expire without being drawn upon. Because of the credit profile of our clients, we typically have a substantial amount of total unfunded credit commitments, which is reflected off our balance sheet. See Note 18 - “Off-Balance Sheet Arrangements, Guarantees and Other Commitments” of the “Notes to Consolidated Financial Statements ” under Part II, Item 8 in this report for additional details. Actual borrowing needs of our clients may exceed our expected funding requirements, especially during a challenging economic environment when our client companies may be more dependent on our credit commitments due to the lack of available credit elsewhere, the increasing costs of credit, or the limited availability of financings from more discerning and selective private equity/venture capital firms. In addition, limited partner investors of our private equity/venture capital fund clients may fail to meet their underlying investment commitments due to liquidity or other financing issues, which may impact our clients' borrowing needs. Any failure to meet our unfunded credit commitments in accordance with the actual borrowing needs of our clients may have a material adverse effect on our business, financial condition, results of operations or reputation.

Additionally, we establish a reserve for losses associated with our unfunded credit commitments. The level of the reserve for unfunded credit commitments is determined by following a methodology similar to that used to establish our allowance for loan losses in our funded loan portfolio. The reserve is based on credit commitments outstanding, credit quality of the loan commitments, and management's estimates and judgment, and is susceptible to significant changes. There can be no assurance that our reserve for unfunded credit commitments will be adequate to provide for actual losses associated with our unfunded credit commitments. An increase in the reserve for unfunded credit commitments in any period may result in a charge to our earnings, which could reduce our net income or increase net losses in that period.

Market/Liquidity Risks

Our current level of interest rate spread may decline in the future. Any material reduction in our interest rate spread, or a sustained period of low market interest rates, could have a material adverse effect on our business, results of operations or financial condition.

A major portion of our net income comes from our interest rate spread, which is the difference between the interest rates paid by us on amounts used to fund assets and the interest rates and fees we receive on our interest-earning assets. We fund assets using deposits and other borrowings. While we offer interest-bearing deposit products, a majority of our deposit balances are from our noninterest bearing products. Our interest-earning assets include loans extended to our clients, securities held in our investment portfolio, and excess cash held to manage short-term liquidity. Overall, the interest rates we pay on our interest-bearing liabilities and receive on our interest-earning assets, and our level of interest rate spread, could be affected by a variety of factors, including changes in market interest rates, competition, regulatory requirements, and a change over time in the mix of the types of loans, investment securities, deposits and other liabilities on our balance sheet.

Changes in key variable market interest rates, such as the Federal Funds, National Prime, the London Interbank Offered Rate (“LIBOR”) or Treasury rates, generally impact our interest rate spread. While changes in interest rates do not produce equivalent changes in the revenues earned from our interest-earning assets and the expenses associated with our interest-bearing liabilities, increases in market interest rates will nevertheless likely cause our interest rate spread to increase. Conversely, if interest rates decline, our interest rate spread will likely decline. Sustained low levels of market interest rates, as we have been experiencing, could continue to place downward pressure on our net income levels. Unexpected or further interest rate changes may adversely affect our business forecasts and expectations. Interest rates are highly sensitive to many factors beyond our

control, such as inflation, recession, global economic disruptions, unemployment and the fiscal and monetary policies of the federal government and its agencies. In addition, changes in the method of determining LIBOR or other reference rates as a result of concerns in recent years regarding the accuracy of such reference rates may adversely affect the value of reference rate-linked debt securities that we hold or issue, which could further impact our interest rate spread, financial condition or results of operations.

Any material reduction in our interest rate spread or the continuation of sustained low levels of market interest rates could have a material adverse effect on our business, results of operations or financial condition.

Liquidity risk could impair our ability to fund operations and jeopardize our financial condition.

Liquidity is essential to our business, both at the SVB Financial and the Bank level. We require sufficient liquidity to meet our expected financial obligations, as well as unexpected requirements stemming from client activity and market changes. Primary liquidity resources for SVB Financial include cash flow from investments and interest in financial assets held by operating subsidiaries other than the Bank; to the extent declared, dividends from the Bank, its main operating subsidiary; and as needed, periodic capital market transactions offering debt and equity instruments in the public and private markets. Client deposits are the primary source of liquidity for the Bank. When needed, wholesale borrowing capacity supplements our liquidity in the form of short- and long-term borrowings secured by our portfolio of high quality investment securities, long-term capital market debt issuances and, finally, through unsecured overnight funding channels available to us in the Federal Funds market. An inability to maintain or raise funds through these sources could have a substantial negative effect, individually or collectively, on SVB Financial and the Bank's liquidity. Our access to funding sources in amounts adequate to finance our activities, or on terms attractive to us, could be impaired by factors that affect us specifically or the financial services industry in general. Factors that could detrimentally impact our access to liquidity sources include an increase in costs of capital in financial capital markets, a decrease in the level of our business activity due to a market downturn or adverse regulatory action against us, or a decrease in depositor or investor confidence in us. Our ability to borrow could also be impaired by factors that are not specific to us, such as a severe volatility or disruption of the financial markets or negative views and expectations about the prospects for the financial services industry as a whole. Any failure to manage our liquidity effectively could have a material adverse effect on our financial condition.

Additionally, our credit ratings are important to our liquidity and our business. A reduction in our credit ratings could adversely affect our liquidity and competitive position, increase our borrowing costs, and limit our access to the capital markets. Moreover, a reduction in our credit ratings could increase the interest rates we pay on deposits, or adversely affect perceptions about our creditworthiness and business, or our overall reputation. Any damage to our reputation can also have an adverse effect on our liquidity and our business.

Equity warrant assets, venture capital and private equity funds and direct equity investment portfolio gains or losses depend upon the performance of the portfolio investments and the general condition of the public and private equity and M&A markets, which are uncertain and may vary materially by period.

In connection with negotiated credit facilities and certain other services, we often obtain equity warrant assets giving us the right to acquire stock in private, venture-backed companies in the technology and life science & healthcare industries. We have also made investments through SVB Financial or our SVB Capital family of funds primarily in venture capital funds and direct investments in companies, many of which are required to be carried at fair value. The fair value of these warrants and investments are reflected in our financial statements and are adjusted on a quarterly basis. Fair value changes are generally recorded as unrealized gains or losses through consolidated net income. The timing and amount of changes in fair value, if any, of these financial instruments depend upon factors beyond our control, including the performance of the underlying companies, fluctuations in the market prices of the preferred or common stock of the underlying companies, the timing of our receipt of relevant financial information, general volatility and interest rate market factors, and legal and contractual restrictions. The timing and amount of our realization of actual net proceeds, if any, from our disposition of these financial instruments depend upon various factors, some of which are beyond our control. Those factors include the level of IPO and M&A activity (or other “exit” activity), legal and contractual restrictions on our ability to sell equity positions held (including the expiration of any “lock-up” agreements), the perceived and actual performance and future value of the underlying portfolio companies, the current valuation of the financial instruments, the timing of any actual dispositions, and overall market conditions. Because of the inherent variability of these financial instruments and the markets in which they are bought and sold, the fair market value of these financial instruments might increase or decrease materially, and the net proceeds realized upon disposition might be different than the then-current recorded fair market value.

In addition, depending on the fair value of these warrants and direct equity investments, a meaningful portion of the aggregate fair value of our total warrant and direct equity investment portfolios may, from time to time, be concentrated in a limited number of warrants and direct equity investments. Valuation changes in one or more of these warrants or direct equity investments may have a material impact on the valuation of the total investment portfolio.

We cannot predict future realized or unrealized gains or losses, and any such gains or losses are likely to vary materially from period to period. Additionally, the value of our equity warrant asset portfolio depends on, among other things, the underlying value of the issuing companies, which may also vary materially from period to period. See Note 13 - "Derivative Financial Instruments" of the "Notes to Consolidated Financial Statements" under Part II, Item 8 in this report for additional details.

Public equity offerings and mergers and acquisitions involving our clients or a slowdown in venture capital investment levels may reduce the borrowing needs of our clients, which could adversely affect our business, results of operations or financial condition.

While an active market for public equity offerings and mergers and acquisitions generally has positive implications for our business, one negative consequence is that our clients may pay off or reduce their loans with us if they complete a public equity offering, are acquired by or merge with another entity or otherwise receive a significant equity investment. Moreover, our capital call lines of credit are typically utilized by our private equity/venture capital fund clients to make investments prior to receipt of capital called from their respective limited partners. A slowdown in overall venture capital investment levels may reduce the need for our clients to borrow from our capital call lines of credit. Any significant reduction in the outstanding amounts of our loans or under our lines of credit could have a material adverse effect on our business, results of operations or financial condition.

Operational Risks

If we fail to retain our key employees or recruit new employees, our growth and results of operations could be adversely affected.

We rely on key personnel, including a substantial number of employees who have technical expertise in their subject matter area and/or a strong network of relationships with individuals and institutions in the markets we serve. In addition, as we expand in international markets, we will need to hire local personnel within those markets. If we were to have less success in recruiting and retaining these employees than our competitors, for reasons including domestic or foreign regulatory restrictions on compensation practices or the availability of more attractive opportunities elsewhere, our growth and results of operations could be adversely affected.

Moreover, equity awards are an important component of our compensation program, especially for our executive officers and other members of senior management. The extent of available equity for such awards is subject to stockholder approval. If we do not have sufficient shares to grant to existing or new employees, there could be an adverse effect on our recruiting and retention efforts, which could impact our growth and results of operations.

The occurrence of fraudulent activity, breaches of our information security or cybersecurity-related incidents could have a material adverse effect on our business, financial condition or results of operations.

As a financial institution, we are susceptible to fraudulent activity, information security breaches and cybersecurity-related incidents that may be committed against us or our clients, which may result in financial losses or increased costs to us or our clients, disclosure or misuse of our information or our client information, misappropriation of assets, privacy breaches against our clients, litigation, or damage to our reputation. Such fraudulent activity may take many forms, including check fraud, electronic fraud, wire fraud, phishing, social engineering and other dishonest acts. Information security breaches and cybersecurity-related incidents may include fraudulent or unauthorized access to systems used by us or our clients, denial or degradation of service attacks, and malware or other cyber-attacks. In recent periods, there continues to be a rise in electronic fraudulent activity, security breaches and cyber-attacks within the financial services industry, especially in the commercial banking sector due to cyber criminals targeting commercial bank accounts. Consistent with industry trends, we have also experienced an increase in attempted electronic fraudulent activity, as well as attempts at security breaches and cybersecurity-related incidents in recent periods. Moreover, in recent periods, several large corporations, including financial institutions and retail companies, have suffered major data breaches, in some cases exposing not only confidential and proprietary corporate information, but also sensitive financial and other personal information of their customers and employees and subjecting them to potential fraudulent activity. Some of our clients may have been affected by these breaches, which increase their risks of identity theft, credit card fraud and other fraudulent activity that could involve their accounts with us.

Information pertaining to us and our clients is maintained, and transactions are executed, on the networks and systems of us, our clients and certain of our third party partners, such as our online banking or reporting systems. The secure maintenance and transmission of confidential information, as well as execution of transactions over these systems, are essential to protect us and our clients against fraud and security breaches and to maintain our clients' confidence. Breaches of information security also may occur, and in infrequent cases have occurred, through intentional or unintentional acts by those having access to our systems or our clients' or counterparties' confidential information, including employees. In addition, SVB provides card transaction

processing services to some merchant customers under agreements we have with those merchants and/or with the payment networks. Under these agreements, we may be responsible for certain losses and penalties if one of our merchant customers suffers a data security breach. Furthermore, SVB's cardholders use their debit and credit cards to make purchases from third parties or through third party processing services. As such, SVB is subject to risk from data breaches of such third party's information systems or their payment processors. Such a data security breach could compromise SVB account information. SVB may suffer losses associated with reimbursing our customers for such fraudulent transactions on customers' card accounts, as well as for other costs related to data security breaches, such as replacing cards associated with compromised card accounts.

We also offer certain services that allow non-accountholders to process payments through SVB's systems, as well as financial analytics services. In the course of providing those services, we may obtain sensitive data about customers who do not otherwise hold accounts with us, including information regarding accounts held at other institutions, as well as profit and loss and other proprietary financial or other information regarding our customers or the non-accountholders they service. In the event of a data breach, this sensitive information may be exposed and could subject us to claims for damages.

In addition, increases in criminal activity levels and sophistication, advances in computer capabilities, new discoveries, vulnerabilities in third-party technologies (including browsers and operating systems) or other developments could result in a compromise or breach of the technology, processes and controls that we use to prevent fraudulent transactions and to protect data about us, our clients and underlying transactions, as well as the technology used by our clients to access our systems. Although we have developed, and continue to invest in, systems and processes that are designed to detect and prevent security breaches and cyber-attacks and periodically test our security, our inability to anticipate, or failure to adequately mitigate, breaches of security could result in: losses to us or our clients; our loss of business and/or clients; damage to our reputation; the incurrence of additional expenses; disruption to our business; our inability to grow our online services or other businesses; additional regulatory scrutiny or penalties; or our exposure to civil litigation and possible financial liability - any of which could have a material adverse effect on our business, financial condition and results of operations.

More generally, publicized information concerning security and cyber-related problems could inhibit the use or growth of electronic or web-based applications or solutions as a means of conducting commercial transactions. Such publicity may also cause damage to our reputation as a financial institution. As a result, our business, financial condition or results of operations could be adversely affected.

We face risks associated with the ability of our information technology systems and our people and processes to support our operations and future growth effectively.

In order to serve our target clients effectively, we have developed, and are continually developing, a comprehensive array of banking and other products and services. In order to support these products and services and for the Company to operate effectively, we have developed, purchased and licensed information technology and other systems and processes. As our business continues to grow, we will continue to invest in and enhance these systems, and our people and processes. These investments and enhancements may affect our future profitability and overall effectiveness. From time to time, we may change, consolidate, replace, add or upgrade existing systems or processes, which if not implemented properly to allow for an effective transition, may have an adverse effect on our operations, including business interruptions which may result in inefficiencies, revenue losses, client losses, exposure to fraudulent activities, regulatory enforcement actions, or damage to our reputation. For example, we are in the process of enhancing our core banking system, as well as implementing and enhancing other systems to support specific business units, including our international operations. We also outsource certain operational and other functions to consultants or other third parties to enhance our overall efficiencies. If we do not implement our systems effectively or if our outsourcing business partners do not perform their functions properly, there could be an adverse effect on us. There can be no assurance that we will be able to effectively maintain or improve our systems and processes, or utilize outsourced talent, to meet our business needs efficiently. Any failure of such could adversely affect our operations, financial condition, results of operations, future growth or reputation.

Business disruptions and interruptions due to natural disasters and other external events beyond our control can adversely affect our business, financial condition or results of operations.

Our operations can be subject to natural disasters and other external events beyond our control, such as earthquakes, fires, severe weather, public health issues, power failures, telecommunication loss, major accidents, terrorist attacks, acts of war, and other natural and man-made events. Our corporate headquarters and a portion of our critical business offices are located in California near major earthquake faults. Such events of disaster, whether natural or attributable to human beings, could cause severe destruction, disruption or interruption to our operations or property. Financial institutions, such as us, generally must resume operations promptly following any interruption. If we were to suffer a disruption or interruption and were not able to resume normal operations within a period consistent with industry standards, our business could suffer serious harm. In addition, depending on the nature and duration of the disruption or interruption, we might be vulnerable to fraud, additional expense or other losses, or to a loss of business and/or clients. We have implemented a business continuity management program and we continue to enhance it on an ongoing basis. There is no assurance that our business continuity management program can adequately mitigate the risks of such business disruptions and interruptions.

Additionally, natural disasters and external events, including those occurring in and around the state of California, could affect the business and operations of our clients, which could impair their ability to pay their loans or fees when due, impair the value of collateral securing their loans, cause our clients to reduce their deposits with us, or otherwise adversely affect their business dealings with us, any of which could have a material adverse effect on our business, financial condition or results of operations. A significant portion of our client borrowers are located in, or have operations in, the state of California, which has historically experienced severe natural disasters resulting in disruptions to businesses and damage to property. These clients include our premium winery and vineyard clients, our Private Bank mortgage clients and other corporate clients with California offices. If there is a major earthquake, flood, fire or other natural disaster in California or elsewhere in the markets in which we operate, our borrowers may experience uninsured property losses or sustained disruption to business or loss that may materially impair their ability to meet the terms of their loan obligations.

We face reputation and business risks due to our interactions with business partners, service providers and other third parties.

We rely on third parties, both in the United States and internationally in countries such as the United Kingdom, Hong Kong, China, Israel, and India, in a variety of ways, including to provide key components of our business infrastructure or to further our business objectives. These third parties may provide services to us and our clients or serve as partners in business activities. We rely on these third parties to fulfill their obligations to us, accurately inform us of relevant information and conduct their activities professionally and in a manner that reflects positively on us. In some instances, our regulators may hold us responsible for the performance of parties with which we have these relationships. Any failure of our business partners, service providers or other third parties to meet their commitments to us or to perform in accordance with our expectations could result in operational issues, increased expenditures, regulatory actions, damage to our reputation or loss of clients, which could harm our business and operations, financial performance, strategic growth or reputation.

The soundness of other financial institutions could adversely affect us.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, payment processors, and other institutional clients, which may result in payment obligations to us or to our clients due to products arranged by us. Many of these transactions expose us to credit and market risk that may cause our counterparty or client to default. In addition, we are exposed to market risk when the collateral we hold cannot be realized or is liquidated at prices not sufficient to recover the full amount of the secured obligation. There is no assurance that any such losses would not materially and adversely affect our business, results of operations or financial condition.

We depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We also may rely on representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, under our accounts receivable financing arrangements, we rely on information, such as invoices, contracts and other supporting documentation, provided by our clients and their account debtors to determine the amount of credit to extend. Similarly, in deciding whether to extend credit, we may rely upon our customers' representations that their financial statements conform to U.S. GAAP (or other applicable accounting standards in foreign markets) and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. We also may rely on customer representations and certifications, or other audit or accountants' reports, with respect to the business and financial condition of our clients. Our financial condition, results of

operations, financial reporting or reputation could be negatively affected if we rely on materially misleading, false, inaccurate or fraudulent information.

Our accounting policies and methods are key to how we report our financial condition and results of operations. They require management to make judgments and estimates about matters that are uncertain.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with U.S. GAAP and reflect management's judgment of the most appropriate manner to report our financial condition or results. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances yet might result in our reporting materially different amounts than would have been reported under a different alternative.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results. As a result, current and potential holders of our securities could lose confidence in our financial reporting, which would harm our business and the trading price of our securities.

If we identify material weaknesses in our internal control over financial reporting or are otherwise required to restate our financial statements, we could be required to implement expensive and time-consuming remedial measures and could lose investor confidence in the accuracy and completeness of our financial reports. We may also face regulatory enforcement or other actions, including the potential delisting of our securities from the NASDAQ Stock Market. This could have an adverse effect on our business, financial condition or results of operations, as well as the trading price of our securities, and could potentially subject us to litigation.

We face risks associated with international operations.

One important component of our strategy is to expand internationally. In 2012, we opened a banking branch in the United Kingdom, as well as a joint venture bank in China. We also currently have offices in Hong Kong, India and Israel but have agreed to sell our subsidiary in India. We plan to expand our operations in some of our current international markets. We may also expand our business beyond those markets. Our efforts to expand our business internationally carry with them certain risks, including risks arising from the uncertainty regarding our ability to generate revenues from foreign operations, risks associated with leveraging and doing business with local business partners and other general operational risks. In addition, there are certain risks inherent in doing business on an international basis, including, among others, legal, regulatory and tax requirements and restrictions, uncertainties regarding liability, tariffs and other trade barriers, difficulties in staffing and managing foreign operations, incremental requirement of management's attention and resources, differing technology standards or customer requirements, data security risks, cultural differences, political and economic risks, and financial risks, including currency and payment risks. These risks could adversely affect the success of our international operations and could have a material adverse effect on our overall business, results of operations or financial condition. In addition, we face risks that our employees and affiliates may fail to comply with applicable laws and regulations governing our international operations, including the U.S. Foreign Corrupt Practices Act, U.K. Bribery Act, anti-corruption laws, and other foreign laws and regulations. Failure to comply with such laws and regulations could, among other things, result in enforcement actions and fines against us, as well as limitations on our conduct, any of which could have a material adverse effect on our business and results of operations.

Legal/Regulatory Risks

We are subject to extensive regulation that could limit or restrict our activities, impose financial requirements or limitations on the conduct of our business, or result in higher costs to us, and the stringency of the regulatory framework applicable to us may increase if, and as, our asset size continues to grow.

SVB Financial Group, including the Bank, is extensively regulated under federal and state laws and regulations governing financial institutions, including those imposed by the FDIC, the Federal Reserve Board, the Consumer Financial Protection Bureau, and the California DBO, as well as various regulatory authorities that govern our global activities. Federal and state laws and regulations govern, restrict, limit or otherwise affect the activities in which we may engage, may affect our ability to expand our business over time, may result in an increase in our compliance costs, including higher FDIC insurance premiums, and may affect our ability to attract and retain qualified executive officers and employees. Further, the stringency of the federal bank prudential regulatory framework that applies to us may increase as our asset size grows. In particular, under the Dodd-Frank Act and current Federal Reserve Board regulations thereunder, certain enhanced prudential standards will apply to us if we reach or exceed $50 billion in total consolidated assets. In addition, a change in the applicable statutes, regulations or regulatory policy could have a material adverse effect on our business, including limiting or imposing conditions on the types of financial services and products we may offer or increasing the ability of nonbanks to offer competing financial services and products. These laws and regulations also require financial institutions, including SVB Financial and the Bank, to maintain certain minimum levels of capital and meet

other minimum financial standards, which may require us to raise additional capital in the future, affect our ability to use our capital resources for other business purposes or affect our overall business strategies and plans. Furthermore, the Bank for International Settlement's Basel Committee on Banking Supervision has adopted new capital, leverage and liquidity guidelines under the Basel Accord ("Basel III"). The Federal Reserve Board has adopted regulations that generally align with these international standards, and the new Federal Reserve Board regulations have the effect of raising our capital requirements beyond those previously in place. The Federal Reserve Board also has adopted certain stress testing requirements, the results of which we are required to submit to the Federal Reserve Board and to disclose to the public. In addition, depending on the results of the stress tests, we could be required to raise additional capital or take certain other actions. Increased regulatory requirements (and the associated compliance costs), whether due to the adoption of new laws and regulations, changes in existing laws and regulations, or more expansive or aggressive interpretations of existing laws and regulations, may have a material adverse effect on our business, financial condition or results of operations.

We are subject to the Volcker Rule, which limits certain trading and investment activities and has required us to modify our historical venture capital fund investment and sponsorship business and activities.

The Volcker Rule restricts, among other things, a bank's proprietary trading activities and a bank's ability to sponsor or invest in certain privately offered funds, including certain venture capital, hedge and private equity funds. Although we do not believe that we engage in any proprietary trading that is prohibited under the Volcker Rule, certain of our historical venture capital fund investment and sponsorship businesses and activities are affected by the rule. In particular, the Volcker Rule restricts or limits us from sponsoring or having ownership interests in "covered" funds including venture capital and private equity funds. In general, we must be in compliance with these restrictions by July 21, 2015; however, certain legacy investments and relationships are subject to an extended conformance period that ends in July 2016. The Federal Reserve Board has indicated that it intends to extend this conformance deadline to July 2017. In addition, the Federal Reserve Board may extend the conformance deadline for up to an additional five-year years (until July 2022) for investments that are considered illiquid. We intend to seek the maximum extensions (up to July 2022) available to us. Under this rule, we will have to wind-down, transfer, divest or otherwise ensure the termination or expiration of any prohibited interests prior to the end of the applicable conformance period. While we intend to seek the maximum extensions available to us, there is no assurance that we will be granted any of these extensions, and thus, we may be required to divest our prohibited interests within a short period of time and/or at possibly distressed prices.

We estimate that our total venture capital and private equity fund investments deemed to be prohibited covered fund interests had an aggregate carrying value of approximately $246 million (and an aggregate fair value of approximately $338 million) as of December 31, 2014. These covered fund interests are comprised of interests attributable, solely, to us in our consolidated managed funds and certain of our non-marketable securities. These Volcker Rule restrictions could have a material adverse effect on our investment portfolio and results of operations. The actual impact from these restrictions will be dependent on a variety of factors, including our ability to obtain regulatory extensions, our ability to sell the investments, our carrying value at the time of any sale, the actual sales price realized, the timing of such sales, and any additional regulatory guidance or interpretations of the Volcker Rule.

If we continue to grow and our total consolidated assets reach or exceed $50 billion, we will be subject to more stringent prudential standards required by the Dodd-Frank Act and regulations adopted by the Federal Reserve Board for large bank holding companies.

Under the Federal Reserve Board's enhanced prudential standard regulations, bank holding companies with $50 billion or more in total consolidated assets are subject to more stringent prudential requirements. Pursuant to the Dodd-Frank Act, the more stringent prudential standards include requirements for risk-based and leverage capital, liquidity, risk management, resolution planning, capital stress testing, single-party credit exposure limits, and early remediation --- all of which requires appropriate resources and planning. The Dodd-Frank Act permits, but does not require the Federal Reserve to apply to such large bank holding companies enhanced prudential standards in other areas, including short-term debt limits and enhanced public disclosures.

As of December 31, 2014, our total consolidated assets were $39.3 billion. If we continue to grow, either organically or potentially by future acquisitions, and our total consolidated assets reach or exceed the $50 billion threshold, we will be subject to such enhanced prudential standards, which will impose more stringent requirements or limitations on our business, as well as increase our compliance costs. See the section entitled "Regulatory Matters".

We face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The Bank Secrecy Act, the USA PATRIOT Act of 2001, and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the individual federal banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration, and Internal Revenue Service. We are also subject to increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control and compliance with the Foreign Corrupt Practices Act. If our policies, procedures and systems are deemed deficient, we would be subject to liability, including fines and regulatory actions, which may include restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us. Any of these results could materially and adversely affect our business, financial condition or results of operations.

If we were to violate, or fail to comply with, international, federal or state laws or regulations governing financial institutions, we could be subject to disciplinary action that could have a material adverse effect on our business, financial condition, results of operations or reputation.

International, federal and state banking regulators possess broad powers to take supervisory or enforcement action with respect to financial institutions. Other regulatory bodies, including the Securities and Exchange Commission ("SEC"), the NASDAQ Stock Market, the Financial Industry Regulatory Authority ("FINRA"), and state securities regulators, regulate investment advisers and broker-dealers, including our subsidiaries, SVB Asset Management and SVB Securities, as applicable. If SVB Financial Group were to violate, even if unintentionally or inadvertently, the laws governing public companies, financial institutions and broker-dealers, the regulatory authorities could take various actions against us, depending on the severity of the violation, such as imposing restrictions on how we conduct our business, revoking necessary licenses or authorizations, imposing censures, civil money penalties or fines, issuing cease and desist or other supervisory orders, and suspending or expelling from the securities business a firm, its officers or employees. Supervisory actions could result in higher capital requirements, higher insurance premiums, higher levels of liquidity available to meet the Bank's financial needs and limitations on the activities of SVB Financial Group. These remedies and supervisory actions could have a material adverse effect on our business, financial condition, results of operations and reputation.

Adverse results from litigation or governmental investigations can impact our business practices and operating results.

We are currently involved in certain legal proceedings, and may from time to time be involved in governmental investigations and inquiries, relating to matters that arise in connection with the conduct of our business. While we have not recognized a material accrual liability for lawsuits and claims filed or pending against us to date, the outcome of litigation and other legal and regulatory matters is inherently uncertain and it is possible that the actual results of one or more of such matters currently pending or threatened may be substantially higher than the amounts reserved, or judgments may be rendered, or fines or penalties assessed in matters for which we have no reserves. Adverse outcomes in lawsuits or investigations may result in significant monetary damages or injunctive relief that may adversely affect our operating results or financial condition as well as our ability to conduct our businesses as they are presently being conducted.

Changes in accounting standards could materially impact our financial statements.

From time to time, the Financial Accounting Standards Board or the SEC may change the financial accounting and reporting standards that govern the preparation of our financial statements. Also, our global initiatives, as well as continuing trends towards the convergence of international accounting standards, such as rules that may be adopted under the International Financial Reporting Standards (“IFRS”), may result in our Company being subject to new or changing accounting and reporting standards. In addition, the bodies that interpret the accounting standards (such as banking regulators or outside auditors) may change their interpretations or positions on how these standards should be applied. These changes may be beyond our control, can be hard to predict and can materially impact how we record and report our financial condition or results of operations. In some cases, we could be required to apply a new or revised standard retrospectively, or apply an existing standard differently, also retrospectively, in each case resulting in our revising or restating prior period financial statements.

SVB Financial relies on warrant income, investment distributions and dividends from its subsidiaries for most of its cash revenues.

SVB Financial is a holding company and is a separate and distinct legal entity from its subsidiaries. It receives most of its cash revenues from three primary funding sources: warrant income, investment distributions, and dividends from its subsidiaries, primarily the Bank. These sources generate income for SVB Financial to pay operating costs and borrowing costs and *to the extent there are any* ---- borrowings, dividends, and share repurchases. Our equity warrant assets and investment interests are held by SVB Financial, and any income derived from those financial instruments are subject to a variety of factors as discussed in this "Risk Factors" section. Moreover, various federal and state laws and regulations limit the amount of dividends that the Bank and certain of our nonbank subsidiaries may pay to SVB Financial. Also, SVB Financial's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors.

Anti-takeover provisions and federal law, particular those applicable to financial institutions, may limit the ability of another party to acquire us, which could prevent a merger or acquisition that may be attractive to stockholders and/or have a material adverse effect on our stock price.

As a financial institution, we are subject to certain laws that could delay or prevent a third-party from acquiring us, even if doing so might be beneficial to our stockholders. The Bank Holding Company Act of 1956, as amended, and the Change in Bank Control Act of 1978, as amended, together with federal and state regulations, require that, depending on the particular circumstances, either Federal Reserve approval must be obtained or notice must be furnished to the Federal Reserve and not disapproved prior to any person or entity acquiring "control" of a state member bank, such as the Bank. In addition, DBO approval may be required in connection with the acquisition of control of the Bank. Moreover, certain provisions of our certificate of incorporation and by-laws and certain other actions we may take or have taken could delay or prevent a third-party from acquiring us, even if beneficial to our stockholders. These laws and provisions may prevent a merger or acquisition that would be attractive to stockholders and could limit the price investors would be willing to pay in the future for our common stock.

Strategic/Reputation/Other Risks

Concentration of risk increases the potential for significant losses.

Concentration of risk, including by client industry, size or stage of client companies and client geography, increases the potential for significant losses in our business. While there may exist a great deal of diversity within each industry, our clients are concentrated by these general industry niches: technology, life science & healthcare, private equity/venture capital and premium wine. Our technology clients generally tend to be in the industries of hardware (semiconductors, communications, data storage and electronics), software and internet (such as infrastructure software, applications, software services, digital content and advertising technology), and energy and resource innovation. Our life science & healthcare clients are concentrated in the industries of biotechnology, medical devices, healthcare information technology and healthcare services. Many of our client companies are concentrated by certain stages within their life cycles, such as early-stage, mid-stage or later-stage, and many of these companies are venture capital-backed. We take deposits from these clients and are also continuing to increase our efforts to lend to larger clients and to make larger loans. In addition, our geographic focus on key domestic and international innovation markets, as well as premium wine markets, may increase our concentration risk. Our loan concentrations are derived from our borrowers engaging in similar activities or types of loans extended to a diverse group of borrowers that could cause those borrowers to be similarly impacted by economic or other conditions. Any adverse effect on any of our areas of concentration could have a material impact on our business, results of operations and financial condition. Due to our concentrations, we may suffer losses even when economic and market conditions are generally favorable for our competitors.

Decreases in the amount of equity capital available to our portfolio companies could adversely affect our business, growth and profitability.

Our core strategy is focused on providing banking products and services to companies, including in particular to early-stage to mid-stage companies that receive financial support from sophisticated investors, including venture capital or private equity firms, "angels," and corporate investors. We derive a meaningful share of our deposits from these companies and provide them with loans as well as other banking products and services. In some cases, our lending credit decision is based on our analysis of the likelihood that our venture capital or angel-backed client will receive additional rounds of equity capital from investors. If the amount of capital available to such companies decreases, it is likely that the number of new clients and investor financial support to our existing borrowers could decrease, which could have an adverse effect on our business, profitability and growth prospects.

Among the factors that have affected and could in the future affect the amount of capital available to our portfolio companies are the receptivity of the capital markets, the prevalence of IPO's or M&A activity of companies within our technology and life science & healthcare industry sectors, the availability and return on alternative investments, economic conditions in the

technology, life science & healthcare and private equity/venture capital industries, and overall general economic conditions. Reduced capital markets valuations could reduce the amount of capital available to our client companies, including companies within our technology and life science & healthcare industry sectors.

Because our business and strategy are largely based on this private equity/venture capital financing framework focused on our particular client niches, any material changes in the framework, including unfavorable economic conditions and adverse trends in investment or fund-raising levels, may have a material adverse effect on our business, strategy and overall profitability.

We face competitive pressures that could adversely affect our business, results of operations, financial condition or future growth.

We compete with other banks and specialty and diversified financial services companies and debt funds, some of which are larger than we are, which offer lending, leasing, payments, foreign currency exchange, other financial products and advisory services to our client base. We also compete with other alternative lenders, such as "marketplace" lenders, peer-to-peer lenders and other non-traditional lenders that have emerged in recent years. Moreover, we compete with non-financial services, particularly payment facilitators/processors or other nonbanking technology providers in the payments industry, which may offer specialized services to our client base. In addition, we compete with hedge funds and private equity funds. In some cases, our competitors focus their marketing on our industry sectors and seek to increase their lending and other financial relationships with technology companies or special industries such as wineries. In other cases, some competitors may offer a broader range of financial products to our clients, and some competitors may offer a specialized set of specific products or service. When new competitors seek to enter one of our markets, or when existing market participants seek to increase their market share, they sometimes undercut the pricing and/or credit terms prevalent in that market, which could adversely affect our market share or ability to exploit new market opportunities. Our pricing and credit terms could deteriorate if we act to meet these competitive challenges, which could adversely affect our business, results of operations, financial condition and future growth. Similarly, competitive pressures could adversely affect the business, results of operations, financial condition or future growth of our non-banking services, including our payments services, as well as our access to capital and attractive investment opportunities for our funds business.

Our ability to maintain or increase our market share depends on our ability to attract and maintain, as well as meet the needs of, existing and future clients.

Our success depends, in part, upon our ability to maintain or increase our market share. In particular, much of our success depends on our ability to attract early-stage or start-up companies and to retain those companies as they grow and mature successfully through the various stages of their life cycles. In order to maintain or increase our market share, we must meet the needs of existing and potential future clients. Not only must we adapt our products and services to evolving industry standards, but we must also innovate new products and services beyond industry standards in order to serve our clients, who are innovators themselves. A failure to achieve market acceptance for any new products or services we introduce, a failure to introduce products or services that the market demands, or the costs associated with developing, introducing and providing new products and services could have an adverse effect on our business, results of operations, growth prospects and financial condition.

We face risks in connection with our strategic undertakings and new business initiatives.

We are engaged, and may in the future engage, in strategic activities domestically or internationally, including acquisitions, joint ventures, partnerships, investments or other business growth initiatives or undertakings. There can be no assurance that we will successfully identify appropriate opportunities, that we will be able to negotiate or finance such activities or that such activities, if undertaken, will be successful.

We are focused on our long-term growth and have undertaken various strategic activities and business initiatives, many of which involve activities that are new to us, or in some cases, experimental in nature. For example, we are expanding our global presence and may engage in activities in jurisdictions where we have limited experience or where legal and regulatory requirements are less certain than in the United States. We are also expanding our payments processing capabilities to better serve our clients, including innovating new electronic payment processing solutions, developing new payments technologies, and supporting new or evolving disruptive payments systems, such as "bitcoin" and other virtual currencies. Given our evolving geographic and product diversification, our innovative product solutions, and our limited experience, these payment-related initiatives may subject us to, among other risks, increased business, reputation and operational risk, as well as more or more complex legal, regulatory and compliance costs and risks.

Our ability to execute strategic activities and new business initiatives successfully will depend on a variety of factors. These factors likely will vary based on the nature of the activity but may include our success in integrating an acquired company or a new growth initiative into our business, operations, services, products, personnel and systems, operating effectively with any

partner with whom we elect to do business, meeting applicable regulatory requirements and obtaining applicable regulatory licenses or other approvals, hiring or retaining key employees, achieving anticipated synergies, meeting management's expectations, actually realizing the anticipated benefits of the activities, and overall general market conditions. Our ability to address these matters successfully cannot be assured. In addition, our strategic efforts may divert resources or management's attention from ongoing business operations and may subject us to additional regulatory scrutiny and potential liability. If we do not successfully execute a strategic undertaking, it could adversely affect our business, financial condition, results of operations, reputation or growth prospects. In addition, if we were to conclude that the value of an acquired business had decreased and that the related goodwill had been impaired, that conclusion would result in an impairment of goodwill charge to us, which would adversely affect our results of operations.

In addition, in order to finance future strategic undertakings, we might require additional financing, which might not be available on terms favorable to us, or at all. If obtained, equity financing could be dilutive and the incurrence of debt and contingent liabilities could have a material adverse effect on our business, results of operations or financial condition.

We face certain risks associated with the pending sale of SVB India Finance Private Limited.

On January 16, 2015, we announced that the Bank and certain of its subsidiaries had entered into a share purchase agreement to sell all of the outstanding capital stock of the Bank's subsidiary, SVB India Finance Private Limited, a non-banking financial company in India ("SVBIF"), for a total sale price equal to the sum of SVBIF's "share capital" and "reserves and surplus" accounts (its net asset value) as of a date shortly prior to the closing. Based on SVBIF's balance sheet as of December 31, 2014, we estimate the total sale price will be approximately INR 3.0 billion (approximately $47.8 million, calculated based on the currency exchange rate as of February 5, 2015). The transaction value will be determined in Indian Rupees, and the U.S. dollar value that we receive will be dependent on the currency exchange rate at the time of the actual close of the transaction. Accordingly, volatility in the currency exchange rate between Indian Rupees and U.S. dollars could cause unexpected changes in the U.S. dollar value that we expect to receive from the sale of SVBIF. In addition, we may incur additional loan charge-offs related to SVBIF, which could impact the final closing sales price. Moreover, the closing of the transaction is subject to certain customary closing conditions, including regulatory approval by the Reserve Bank of India. There can be no assurance that the Reserve Bank of India will approve the sale or that we will otherwise be able to complete the sale based on the expected terms of the transaction, or within our expected time frame or at all.

Our business reputation is important and any damage to it could have a material adverse effect on our business.

Our reputation is very important to sustain our business, as we rely on our relationships with our current, former and potential clients and stockholders, the venture capital and private equity communities, and the industries that we serve. Any damage to our reputation, whether arising from regulatory, supervisory or enforcement actions, matters affecting our financial reporting or compliance with SEC and exchange listing requirements, negative publicity, our conduct of our business or otherwise could have a material adverse effect on our business.

Our risk management framework may not be effective, which could have a material adverse effect on our strategic planning and our mitigation of risks and/or losses, as well as have adverse regulatory consequences.

We have implemented a risk management framework to identify and manage our risk exposure. This framework is comprised of various processes, systems and strategies, and is designed to manage the types of risk to which we are subject, including, among others, credit, market, liquidity, operational, financial, interest rate, legal and regulatory, compliance, strategic, reputational, fiduciary, global, currency, sovereign, and general economic risks. Our framework also includes financial, analytical, forecasting, or other modeling methodologies, which involves management assumptions and judgment. There is no assurance that our risk management framework will be effective under all circumstances or that it will adequately identify, manage or mitigate any risk or loss to us.

If our risk management framework is not effective, we could suffer unexpected losses and our business, financial condition, results of operations or prospects could be materially adversely affected. We may also be subject to potentially adverse regulatory consequences.

Our stress testing processes rely on analytical and forecasting models that may prove to be inadequate or inaccurate, which could adversely affect the effectiveness of our strategic planning and our ability to pursue certain corporate goals.

In accordance with the Dodd-Frank Act and the Federal Reserve Board's regulations thereunder, banking organizations with $10 billion to $50 billion in assets are required to perform annual capital stress tests. The results of our capital stress tests may require us to increase our regulatory capital, raise additional capital or take or decline to take certain other capital-related actions

under certain circumstances. Our stress testing processes also rely on our use of analytical and forecasting models. These models reflect assumptions that may not be accurate, particularly in times of market stress or other unforeseen circumstances. Furthermore, even if our assumptions are accurate predictors of future performance, the models they are based on may prove to be inadequate or inaccurate because of other flaws in their design or implementation. Also, the assumptions we utilize for our stress tests may not be met with regulatory approval, which could result in our stress tests receiving a failing grade. In addition to adversely affecting our reputation, failing our stress tests would likely preclude or delay our growth through acquisition, and would limit our ability to pay any cash dividends.

The price of our common stock may be volatile or may decline.

The trading price of our common stock may fluctuate as a result of a number of factors, many of which are outside our control. In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations could adversely affect the market price of our common stock. Among the factors that could affect our stock price are:

- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts;
- failure to meet analysts' revenue or earnings estimates;
- speculation in the press or investment community;
- strategic actions by us or our competitors;
- actions by institutional stockholders;
- fluctuations in the stock price and operating results of our competitors;
- general market conditions and, in particular, developments related to market conditions for the financial services industry;
- proposed or adopted regulatory changes or developments;
- anticipated or pending investigations, proceedings or litigation that involve or affect us; or
- domestic and international economic factors unrelated to our performance.

The trading price of the shares of our common stock and the value of our other securities will depend on many factors, which may change from time to time, including, without limitation, our financial condition, performance, creditworthiness and prospects, and future sales of our equity or equity-related securities. In some cases, the markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers' underlying financial strength. A significant decline in our stock price could result in substantial losses for individual stockholders and could lead to costly and disruptive securities litigation, as well as the loss of key employees.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters facility consists of three buildings and is located at 3003 Tasman Drive, Santa Clara, California. The total square footage of the premises leased under the current lease arrangement is approximately 213,625 square feet. The lease will expire on September 30, 2024, unless terminated earlier or extended.

We currently operate 28 regional offices, including an administrative office, in the United States as well as offices outside the United States. We operate throughout the Silicon Valley with offices in Santa Clara, Menlo Park and Palo Alto. Other regional offices in California include Irvine, Sherman Oaks, San Diego, San Francisco, St. Helena, Santa Rosa and Pleasanton. Office locations outside of California but within the United States include: Tempe, Arizona; Broomfield, Colorado; Atlanta, Georgia; Chicago, Illinois; Newton, Massachusetts; St. Louis Park, Minnesota; New York, New York; Morrisville, North Carolina; Beaverton, Oregon; Radnor, Pennsylvania; Austin, Texas; Dallas, Texas; Salt Lake City, Utah; Vienna, Virginia; and Seattle, Washington. Our international offices are located in: Hong Kong; Beijing and Shanghai, China; Bangalore and Mumbai, India; Herzliya Pituach, Israel; and London, England. All of our properties are occupied under leases, which expire at various dates through 2025, and in most instances include options to renew or extend at market rates and terms. We also own leasehold improvements, equipment, furniture, and fixtures at our offices, all of which are used in our business activities.

Our Global Commercial Bank operations are principally conducted out of our corporate headquarters in Santa Clara, and the lending teams operate out of the various regional and international offices. SVB Private Bank and SVB Capital principally operate out of our Menlo Park offices.

We believe that our properties are in good condition and suitable for the conduct of our business.

ITEM 3. LEGAL PROCEEDINGS

The information set forth under Note 24-"Legal Matters" in the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol SIVB. The per share range of high and low sale prices for our common stock as reported on the NASDAQ Global Select Market, for each full quarterly period during the years ended December 31, 2014 and 2013, was as follows:

	2014		2013	
Three months ended:	**Low**	**High**	**Low**	**High**
March 31	$ 101.65	$ 135.00	$ 56.84	$ 71.15
June 30	100.30	130.17	65.59	83.91
September 30	102.36	119.16	79.54	91.46
December 31	91.54	118.72	86.06	106.99

As of December 31, 2014, SVB Financial had no preferred stock outstanding.

Holders

As of February 3, 2015, there were 717 registered holders of our stock, and we believe there were approximately 52,529 beneficial holders of common stock whose shares were held in the name of brokerage firms or other financial institutions. We are not provided with the number or identities of all of these stockholders, but we have estimated the number of such stockholders from the number of stockholder documents requested by these brokerage firms for distribution to their customers.

Dividends and Stock Repurchases

SVB Financial does not currently pay cash dividends on our common stock. We have not paid any cash dividends since 1992. Our Board of Directors periodically evaluates whether to pay cash dividends, taking into consideration such factors as it considers relevant, including our current and projected financial performance, our projected sources and uses of capital, general economic conditions, considerations relating to our current and potential stockholder base, changing regulatory rules, particularly rules impacting capital requirements, and relevant tax laws. Our ability to pay cash dividends is also limited by generally applicable corporate and banking laws and regulations. See “Business-Supervision and Regulation-Restrictions on Dividends” under Part I, Item 1 in this report. SVB Financial did not repurchase any of its common stock during 2014.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this Item regarding equity compensation plans is incorporated by reference to the information set forth in Part III, Item 12 in this report.

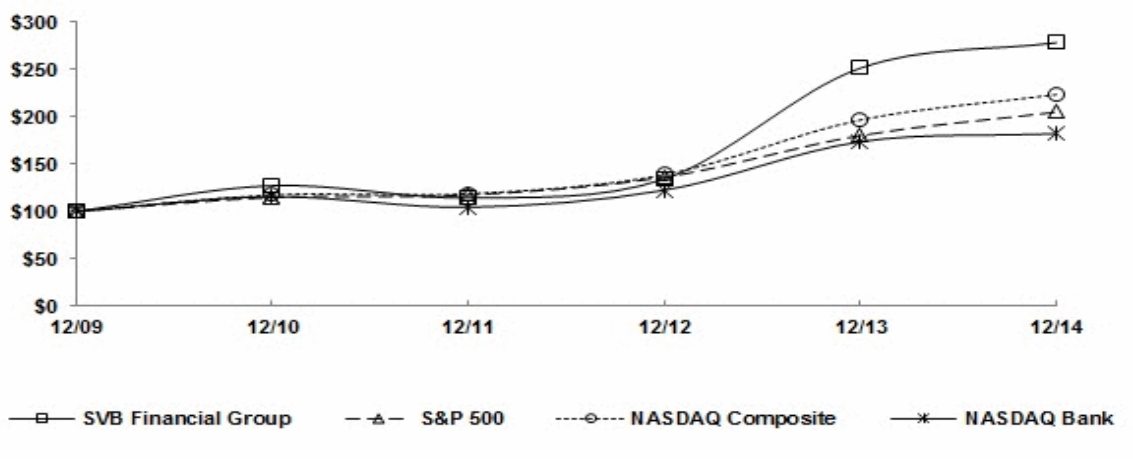
Performance Graph

The following information is not deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Exchange Act, an the report shall not be deemed to be incorporated by reference into any prior or subsequent filing by the Company under the Securities Act or the Exchange Act.

The following graph compares, for the period from December 31, 2009 through December 31, 2014, the cumulative total stockholder return on the common stock of the Company with (i) the cumulative total return of the Standard and Poor's 500 ("S&P 500") Index, (ii) the cumulative total return of the NASDAQ Composite index, and (iii) the cumulative total return of the NASDAQ Bank Index. The graph assumes an initial investment of $100 and reinvestment of dividends. The graph is not necessarily indicative of future stock price performance.

Comparison of 5 Year Cumulative Total Return*

Among SVB Financial, the S&P 500 Index, the NASDAQ Composite Index, and the NASDAQ Bank Index



* $100 invested on 12/31/09 in stock & index-including reinvestment of dividends.

Fiscal year ending December 31.

Copyright ©2015 S&P, a division of The McGraw-Hill Companies, Inc. All rights reserved.

	December 31,					
	2009	2010	2011	2012	2013	2014
SVB Financial Group	$ 100.00	$ 127.34	$ 114.47	$ 134.35	$ 251.70	$ 278.61
S&P 500	100.00	115.06	117.49	136.30	180.44	205.14
NASDAQ Composite	100.00	117.61	118.70	139.00	196.83	223.74
NASDAQ Bank	100.00	115.72	104.50	122.51	173.89	182.21

Table of Contents

Item 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements and supplementary data as presented under Part II, Item 8 in this report. Information as of and for the years ended December 31, 2014, 2013, and 2012 is derived from audited financial statements presented separately herein, while information as of and for the years ended December 31, 2011 and 2010 is derived from audited financial statements not presented separately within.

	Year ended December 31,				
(Dollars in thousands, except per share data and ratios)	2014	2013	2012	2011	2010
Income statement summary:					
Net interest income	$ 856,595	$ 697,344	$ 617,864	$ 526,277	$ 418,135
Provision for loan losses	(59,486)	(63,693)	(44,330)	(6,101)	(44,628)
Noninterest income	572,239	673,206	335,546	382,332	247,530
Noninterest expense	(716,871)	(621,680)	(545,998)	(500,628)	(422,818)
Income before income tax expense	652,477	685,177	363,082	401,880	198,219
Income tax expense	(173,762)	(139,058)	(113,269)	(119,087)	(61,402)
Net income before noncontrolling interests	478,715	546,119	249,813	282,793	136,817
Net income attributable to noncontrolling interests	(214,790)	(330,266)	(74,710)	(110,891)	(41,866)
Net income attributable to SVBFG	$ 263,925	$ 215,853	$ 175,103	$ 171,902	$ 94,951
Net income available to common stockholders	$ 263,925	$ 215,853	$ 175,103	$ 171,902	$ 94,951
Common share summary:					
Earnings per common share—basic	$ 5.39	$ 4.76	$ 3.96	$ 4.00	$ 2.27
Earnings per common share—diluted	5.31	4.70	3.91	3.94	2.24
Book value per common share	55.33	42.93	41.02	36.07	30.15
Weighted average shares outstanding—basic	48,931	45,309	44,242	43,004	41,774
Weighted average shares outstanding—diluted	49,662	45,944	44,764	43,637	42,478
Year-end balance sheet summary:					
Available-for-sale securities	$ 13,540,655	$ 11,986,821	$ 11,343,177	$ 10,536,046	$ 7,917,967
Held-to-maturity securities	7,421,042	—	—	—	—
Loans, net of unearned income	14,384,276	10,906,386	8,946,933	6,970,082	5,521,737
Total assets	39,344,640	26,417,189	22,766,123	19,968,894	17,527,761
Deposits	34,343,499	22,472,979	19,176,452	16,709,536	14,336,941
Short-term borrowings	7,781	5,080	166,110	—	37,245
Long-term debt	453,443	455,216	457,762	603,648	1,209,260
SVBFG stockholders' equity	2,817,762	1,966,270	1,830,555	1,569,392	1,274,350
Average balance sheet summary:					
Available-for-sale securities	$ 12,907,135	$ 10,598,879	$ 10,685,564	$ 9,350,381	$ 5,347,327
Held-to-maturity securities	3,696,417	—	—	—	—
Loans, net of unearned income	11,502,941	9,351,378	7,558,928	5,815,071	4,435,911
Total assets	32,964,195	23,210,747	21,311,172	18,670,499	14,858,236
Deposits	28,320,825	19,619,194	17,910,088	15,568,801	12,028,327
Short-term borrowings	6,264	27,018	70,802	16,994	49,972
Long-term debt	454,474	456,484	518,112	796,823	968,378
SVBFG stockholders' equity	2,523,235	1,927,674	1,735,281	1,448,398	1,230,569
Capital ratios:					
SVBFG total risk-based capital ratio	13.92%	13.13%	14.05%	13.95 %	17.35%
SVBFG tier 1 risk-based capital ratio	12.91	11.94	12.79	12.62	13.63
SVBFG tier 1 leverage ratio	7.74	8.31	8.06	7.92	7.96
SVBFG tangible common equity to tangible assets (1)	7.16	7.44	8.04	7.86	7.27
SVBFG tangible common equity to risk-weighted assets (1)	12.95	11.63	13.53	13.25	13.54
Bank total risk-based capital ratio	12.12	11.32	12.53	12.33	15.48
Bank tier 1 risk-based capital ratio	11.09	10.11	11.24	10.96	11.61
Bank tier 1 leverage ratio	6.64	7.04	7.06	6.87	6.82
Bank tangible common equity to tangible assets (1)	6.39	6.59	7.41	7.18	6.61
Bank tangible common equity to risk-weighted assets (1)	11.21	9.87	12.08	11.75	11.88
Average SVBFG stockholders' equity to average assets	7.65	8.31	8.14	7.76	8.28
Selected financial results:					
Return on average assets	0.80%	0.93%	0.82%	0.92 %	0.64%
Return on average common SVBFG stockholders' equity	10.46	11.20	10.09	11.87	7.72

Net interest margin	2.81	3.29	3.19	3.08	3.08
Gross loan charge-offs to average total gross loans	0.37	0.45	0.44	0.41	1.15
Net loan charge-offs (recoveries) to average total gross loans	0.32	0.33	0.31	(0.02)	0.77
Nonperforming assets as a percentage of total assets	0.10	0.20	0.17	0.18	0.22
Allowance for loan losses as a percentage of total gross loans	1.14	1.30	1.23	1.28	1.48

(1) See “Management's Discussion and Analysis of Financial Condition and Results of Operations-Capital Resources-Capital Ratios” under Part II, Item 7 in this report for a reconciliation of non-GAAP tangible common equity to tangible assets and tangible common equity to risk-weighted assets.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with "Selected Consolidated Financial Data" under Part II, Item 6 and our audited consolidated financial statements and supplementary data as presented under Part II, Item 8 in this report. Certain reclassifications have been made to prior years' results to conform to the current period's presentations. Such reclassifications had no effect on our results of operations or stockholders' equity.

The following discussion and analysis of our financial condition and results of operations contains forward-looking statements. These statements are based on current expectations and assumptions, which are subject to risks and uncertainties. See our cautionary language at the beginning of this report under "Forward Looking Statements". Actual results could differ materially because of various factors, including but not limited to those discussed in "Risk Factors," under Part I, Item 1A in this report.

Our fiscal year ends December 31 and, unless otherwise noted, references to years or fiscal years are for fiscal years ended December 31.

Overview of Company Operations

SVB Financial is a diversified financial services company, as well as a bank holding company and a financial holding company. SVB Financial was incorporated in the state of Delaware in March 1999. Through our various subsidiaries and divisions, we offer a variety of banking and financial products and services. For more than 30 years, we have been dedicated to helping innovative companies and their investors succeed, especially in the technology, life science & healthcare, private equity/venture capital and premium wine industries. We provide our clients of all sizes and stages with a diverse set of products and services to support them through all stages of their life cycles, and key innovation markets around the world.

We offer commercial and private banking products and services through our principal subsidiary, the Bank, which is a California-state chartered bank founded in 1983 and a member of the Federal Reserve System. Through its subsidiaries, the Bank also offers, investment advisory, asset management, private wealth management and brokerage services. We also offer non-banking products and services, such as funds management, venture capital and private equity investment, and business valuation services, through our subsidiaries and divisions.

Recent Developments

On January 15, 2015, the Bank, a wholly-owned subsidiary of SVB Financial Group and certain of its subsidiaries entered into a share purchase agreement (the "Agreement") to sell all of the outstanding capital stock of the Bank's subsidiary, SVB India Finance Private Limited, a non-banking financial company in India ("SVBIF"), to Temasek, a Singapore investment company, for a total sale price equal to the sum of SVBIF's "share capital" and "reserves and surplus" accounts (its net asset value) as of a date shortly prior to the closing (the "Sale Transaction"). The closing of the transaction is subject to certain customary closing conditions, including regulatory approval by the Reserve Bank of India ("RBI"). Subject to such RBI approval, the Company expects the Sale Transaction to close in the first quarter of 2015. As a result of the SVBIF pending sale transaction, the Company classified SVBIF's net assets as held-for-sale as assets held-for-sale criteria were met and an impairment loss was recognized at December 31, 2014. Refer to Note 10 - "Disposal - Assets Held-for-Sale" in the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report for details of selected financial information included in the loss from the pending sale.

On January 29, 2015, the Company issued $350 million of 3.5% Senior Notes due in January 2025 ("3.5% Senior Notes"). We received net proceeds from this offering of approximately $346.4 million after deducting underwriting discounts and commissions and estimated expenses payable by us. The Company contributed all of the net proceeds to the Bank.

Management's Overview of 2014 Financial Performance

Overall, we had another strong year in 2014, which was reflective of exceptional balance sheet growth, as well as, solid core fee income and continued high credit quality. We continued to perform well as a result of our focus on innovation companies and their investors, continued positive business conditions for our clients and our efforts to secure client relationships. We had record consolidated net income available to common stockholders of $263.9 million, with a diluted EPS of $5.31 in 2014, compared to $4.70 in 2013. Diluted EPS in 2014 included a $0.23 loss from the pending sale transaction of SVBIF. In 2014, compared to 2013, we experienced strong growth in net interest income as a result of the increase in interest earned from our fixed income investment portfolio due to an increase in average investments of $6.0 billion, driven by our significant deposit growth, with record high average deposits of $28.3 billion, and average loan growth of $2.2 billion. In addition, we had healthy net gains on investment securities and equity warrant assets, strong growth in core fee income and continued strength in our liquidity and capital base. Our total client funds, which consist of on-balance sheet deposits and off-balance sheet client investment funds, also increased, reflecting growth from our existing clients and new clients. We continued to invest in the improvement and expansion of our product offerings and infrastructure, which contributed to approximately $52.5 million of the $95.2 million

increase in our noninterest expense, primarily from increases in professional services, business development and travel and other expenses supporting client services.

2014 results (compared to 2013, where applicable) included:

- Growth in our lending business with record high average loan balances of $11.5 billion, an increase of $2.2 billion, or 23.0 percent. Period-end loan balances were $14.4 billion, an increase of $3.5 billion, or 31.9 percent.
- Average investment securities, excluding non-marketable and other securities, of $16.6 billion, an increase of $6.0 billion, or 56.7 percent. Period-end investment securities, excluding non-marketable and other securities, of $21.0 billion, an increase of $9.0 billion, or 74.9 percent.
- Average deposit balances of $28.3 billion, an increase of 8.7 billion, or 44.4 percent. Period-end deposit balances were $34.3 billion, an increase of $11.9 billion, or 52.8 percent.
- Average total client funds (including both on-balance sheet deposits and off-balance sheet client investment funds) were $58.4 billion, an increase of $14.5 billion, or 33.1 percent. Period-end total client funds were $66.7 billion, an increase of $17.9 billion, or 36.6 percent.
- Net interest income (fully taxable equivalent basis) of $858.3 million, an increase of $159.2 million, or 22.8 percent, primarily due to an increase in interest income from fixed income investment securities and loans, attributable to growth in average investment and loan balances of $6.0 billion and $2.2 billion, respectively, driven by the strong average deposit growth mentioned above.
- Net interest margin of 2.81 percent, compared to 3.29 percent, primarily reflective of growth in both our loan portfolio as well as our lower-yielding fixed income investment portfolio as a result of the significant growth in deposits and lower overall loan and investment yields.
- Provision for loan losses of $59.5 million, compared to $63.7 million. The provision of $59.5 million in 2014 was primarily driven by $37.0 million in net charge-offs and $36.6 million from period-end loan growth of $3.5 billion, offset by a $14.1 million decrease reflective of the improvement in the overall credit quality of the portfolio and lower impaired loan balances.
- Non-GAAP core fee income (deposit service charges, letters of credit fees, credit card fees, lending related fees, client investment fees, and foreign exchange fees) of $209.6 million, an increase of $34.2 million, or 19.5 percent. This increase was primarily from foreign exchange and credit card fees reflective of increased client activity and transaction volumes. (See the non-GAAP reconciliation under “Results of Operations—Noninterest Income”)
- Net gains on investment securities of $267.0 million ($30.7 million, net of noncontrolling interests) primarily driven by strong distributions from our strategic venture capital fund investments and unrealized valuation adjustments from our managed funds of funds, offset by losses from our available-for-sale equity securities holdings, primarily attributable to the sale of shares of FireEye, Inc. ("FireEye") common stock (acquired through the exercise of certain warrants). (See non-GAAP reconciliation under the section “Results of Operations—Noninterest Income—Gains on Investment Securities, Net”)
- Net gains of $71.0 million from equity warrant assets, an increase of $24.9 million, or 54.0 percent. The increase was primarily driven by healthy IPO and M&A activity resulting in net gains of $29.8 million from the exercise and conversion of public equity warrant assets, including FireEye and Twitter.
- Noninterest expense of $716.9 million, an increase of $95.2 million, or 15.3 percent. The increase was primarily due to increased compensation and benefits expense, reflective of an increase in average FTEs of 146, or 8.7 percent, as well as market adjustments, and professional services, business development and travel and other client support service expenses to support our continued product offerings and infrastructure.

A summary of our performance in 2014 compared to 2013 is as follows:

(Dollars in thousands, except per share data and ratios)	Year ended December 31, 2014	2013	% Change
Income Statement:			
Diluted earnings per share	$ 5.31	$ 4.70	13.0 %
Net income available to common stockholders	263,925	215,853	22.3
Net interest income	856,595	697,344	22.8
Net interest margin	2.81%	3.29%	(48) bps
Provision for loan losses	$ 59,486	$ 63,693	(6.6) %
Noninterest income	572,239	673,206	(15.0)
Noninterest expense	716,871	621,680	15.3
Non-GAAP core fee income (1)	209,631	175,475	19.5
Non-GAAP net income available to common stockholders (1)	275,361	215,853	27.6
Non-GAAP diluted earnings per common share (1)	5.54	4.70	17.9
Non-GAAP noninterest income, net of noncontrolling interests and excluding net losses on SVBIF Sale Transaction (1)	352,549	330,302	6.7
Non-GAAP noninterest expense, net of noncontrolling interests (2)	698,004	608,966	14.6
Balance Sheet:			
Average available-for-sale-securities	$ 12,907,135	$ 10,598,879	21.8 %
Average held-to-maturity securities (3)	3,696,417	—	—
Average loans, net of unearned income	11,502,941	9,351,378	23.0
Average noninterest-bearing demand deposits	20,410,887	13,892,006	46.9
Average interest-bearing deposits	7,909,938	5,727,188	38.1
Average total deposits	28,320,825	19,619,194	44.4
Earnings Ratios:			
Return on average assets (4)	0.80%	0.93%	(14.0) %
Non-GAAP return on average assets (9)	0.84	0.93	(9.7)
Return on average common SVBFG stockholders' equity (5)	10.46	11.20	(6.6)
Non-GAAP return on average common SVBFG stockholders' equity (10)	10.91	11.20	(2.6)
Asset Quality Ratios:			
Allowance for loan losses as a percentage of total period-end gross loans	1.14%	1.30%	(16) bps
Allowance for loan losses for performing loans as a percentage of total gross performing loans	1.04	1.11	(7)
Gross loan charge-offs as a percentage of average total gross loans (annualized)	0.37	0.45	(8)
Net loan charge-offs (recoveries) as a percentage of average total gross loans (annualized)	0.32	0.33	(1)
Capital Ratios:			
SVBFG total risk-based capital ratio	13.92%	13.13%	79 bps
SVBFG tier 1 risk-based capital ratio	12.91	11.94	97
SVBFG tier 1 leverage ratio	7.74	8.31	(57)
SVBFG tangible common equity to tangible assets (6)	7.16	7.44	(28)
SVBFG tangible common equity to risk-weighted assets (6)	12.95	11.63	132
Bank total risk-based capital ratio	12.12	11.32	80
Bank tier 1 risk-based capital ratio	11.09	10.11	98
Bank tier 1 leverage ratio	6.64	7.04	(40)
Bank tangible common equity to tangible assets (6)	6.39	6.59	(20)
Bank tangible common equity to risk-weighted assets (6)	11.21	9.87	134
Other Ratios:			
GAAP operating efficiency ratio (7)	50.17%	45.36%	10.6 %
Non-GAAP operating efficiency ratio (2)	57.65	59.16	(2.6)
Book value per common share (8)	$ 55.33	$ 42.93	28.9
Other Statistics:			
Average full-time equivalent employees	1,815	1,669	8.7 %
Period-end full-time equivalent employees	1,914	1,704	12.3

(1) See "Results of Operations–Noninterest Income" below for a description and reconciliation of non-GAAP core fee income and noninterest income.

(2) See "Results of Operations–Noninterest Expense" below for a description and reconciliation of non-GAAP noninterest expense and non-GAAP operating efficiency ratio.
(3) Average held-to-maturity securities balance is reflective of the re-designation from available-for-sale to held-to-maturity effective June 1, 2014.
(4) Ratio represents consolidated net income available to common stockholders divided by average assets.
(5) Ratio represents consolidated net income available to common stockholders divided by average SVBFG stockholders' equity.
(6) See "Capital Resources–Capital Ratios" for a reconciliation of non-GAAP tangible common equity to tangible assets and tangible common equity to risk-weighted assets.
(7) The operating efficiency ratio is calculated by dividing total noninterest expense by total net interest income plus noninterest income.
(8) Book value per common share is calculated by dividing total SVBFG stockholders' equity by total outstanding common shares at period-end.
(9) Ratio represents consolidated non-GAAP net income available to common stockholders divided by average assets.
(10) Ratio represents consolidated non-GAAP net income available to common stockholders divided by average SVBFG stockholders' equity.

Non-GAAP Net Income, Non-GAAP Diluted Earnings Per Common Share, and Non-GAAP Return on Average Assets and SVBFG Stockholders' Equity

We use and report non-GAAP net income and non-GAAP diluted earnings per common share and non-GAAP return on average assets and stockholders' equity, which excludes, in the year applicable net losses from the pending sale of SVBIF. We believe these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by excluding certain items that do not occur every reporting period. Our management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing our operating results and related trends, and when planning, forecasting and analyzing future periods. However, these non-GAAP financial measures should be considered in addition to, not as a substitute for or preferable to, financial measures prepared in accordance with GAAP.

A reconciliation of GAAP to non-GAAP net income available to common stockholders and non-GAAP diluted earnings per common share for 2014 and 2013 is as follows:

	Year ended December 31,	
(Dollars in thousands, except per share data and ratios)	**2014**	**2013**
Net income available to common stockholders	$ 263,925	$ 215,853
Less: net losses on SVBIF Sale Transaction (1)	13,934	—
Tax impact from net losses on SVBIF Sale Transaction	(5,398)	—
Tax impact of undistributed earnings of SVBIF	2,900	—
Non-GAAP net income available to common stockholders	$ 275,361	$ 215,853
GAAP earnings per common share—diluted	$ 5.31	$ 4.70
Less: net losses on SVBIF Sale Transaction (1)	0.28	—
Tax impact from net losses on SVBIF Sale Transaction	(0.11)	—
Tax impact of undistributed earnings of SVBIF	0.06	—
Non-GAAP earnings per common share—diluted	$ 5.54	$ 4.70
Weighted average diluted common shares outstanding	49,661,547	45,943,686

(1) Pre-tax net losses of $13.9 million on the pending sale of SVBIF are included in other noninterest income at December 31, 2014.

A reconciliation of GAAP to non-GAAP return on average assets and return on average SVBFG stockholders' equity for 2014 and 2013 is as follows:

	Year ended December 31,	
(Dollars in thousands, except ratios)	**2014**	**2013**
Net income available to common stockholders	$ 263,925	$ 215,853
Non-GAAP net income available to common stockholders	$ 275,361	$ 215,853
Average Assets	$ 32,964,195	$ 23,210,747
Return on average assets	0.80%	0.93%
Non-GAAP return on average assets	0.84	0.93
Average SVBFG stockholders' equity	$ 2,523,235	$ 1,927,674
Return on average SVBFG stockholders' equity	10.46%	11.20%
Non-GAAP return on average SVBFG stockholders' equity	10.91	11.20

Critical Accounting Policies and Estimates

Our accounting policies are fundamental to understanding our financial condition and results of operations. We have identified four policies as being critical because they require us to make particularly difficult, subjective and/or complex judgments about matters that are inherently uncertain, and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. We evaluate our estimates and assumptions on an ongoing basis and we base these estimates on historical experiences and various other factors and assumptions that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions.

Our critical accounting policies include those that address the adequacy of the allowance for loan losses and reserve for unfunded credit commitments, measurements of fair value, the valuation of equity warrant assets and the recognition and measurement of income tax assets and liabilities. Our senior management has discussed and reviewed the development, selection, application and disclosure of these critical accounting policies with the Audit Committee of our Board of Directors.

We disclose our method and approach for each of our critical accounting policies in Note 2-“Summary of Significant Accounting Policies” of the “Notes to Consolidated Financial Statements” under Part II, Item 8 in this report.

Allowance for Loan Losses and Reserve for Unfunded Credit Commitments

Allowance for Loan Losses

The allowance for loan losses is management's estimate of credit losses inherent in the loan portfolio at the balance sheet date. We consider our accounting policy for the allowance for loan losses to be critical as estimation of the allowance involves material estimates by us and is particularly susceptible to significant changes in the near term. Determining the allowance for loan losses requires us to make forecasts that are highly uncertain and require a high degree of judgment. Our loan loss reserve methodology is applied to our loan portfolio and we maintain the allowance for loan losses at levels that we believe are appropriate to absorb estimated probable losses inherent in our loan portfolio. A committee comprised of senior management evaluates the adequacy of the allowance for loan losses.

Our allowance for loan losses is established for loan losses that are probable but not yet realized. The process of anticipating loan losses is inherently imprecise. We apply a systematic process for the evaluation of individual loans and pools of loans for inherent risk of loan losses. At the time of approval and then at least annually, each loan in our portfolio is assigned a credit risk rating through an evaluation process, which includes consideration of such factors as payment status, the financial condition of the borrower, borrower compliance with loan covenants, underlying collateral values, potential loan concentrations, and general economic conditions. Our allowance is sensitive to changes in the assigned credit risk rating. Assuming a downgrade of one level in the internal risk ratings for our loan portfolio the allowance for loan and lease losses would have increased by $6.2 million at December 31, 2014.

These sensitivity analyses do not represent management’s expectations of the deterioration in risk ratings or the increases in loss rates but are provided as hypothetical scenarios to assess the sensitivity of the allowance for loan and lease losses to changes in key inputs. We believe the risk ratings and loss severities currently in use are appropriate and that the probability of the alternative scenarios outlined above occurring within a short period of time is remote.

The allowance for loan losses is based on a formula allocation for similarly risk-rated loans by client industry sector and individually for impaired loans. Our formula allocation is determined on a quarterly basis by utilizing a historical loan loss migration model, which is a statistical model used to estimate an appropriate allowance for outstanding loan balances by calculating the likelihood of a loan being charged-off based on its credit risk rating using historical loan performance data from our portfolio. The formula allocation provides the average loan loss experience for each portfolio segment, which considers our quarterly historical loss experience since the year 2000, both by risk-rating category and client industry sector. The resulting loan loss factors for each risk-rating category and client industry sector are ultimately applied to the respective period-end client loan balances for each corresponding risk-rating category by client industry sector to provide an estimation of the allowance for loan losses.

Our allowance for loan losses is also sensitive to changes in economic factors. We apply qualitative allocations to the results we obtained through our historical loan loss migration model to ascertain the total allowance for loan losses. These qualitative allocations are based upon management's assessment of the risks that may lead to a loan loss experience different from our historical loan loss experience. These risks are aggregated to become our qualitative allocation. Refer to Note 2-“Summary of Significant Accounting Policies” of the “Notes to Consolidated Financial Statements” under Part II, Item 8 in this report for a summary of the factors management considers for its qualitative allocation as part of management's estimate of the changing risks in the lending environment.

Reserve for Unfunded Credit Commitments

The level of the reserve for unfunded credit commitments is determined following a methodology that parallels that used for the allowance for loan losses. We consider our accounting policy for the reserve for unfunded credit commitments to be critical as estimation of the reserve involves material estimates by our management and is particularly susceptible to significant changes in the near term. We record a liability for probable and estimable losses associated with our unfunded credit commitments. Each quarter, every unfunded client credit commitment is allocated to a credit risk-rating category in accordance with each client's credit risk rating. We use the historical loan loss factors described under our allowance for loan losses to calculate the possible loan loss experience if unfunded credit commitments are funded. Separately, we use historical trends to calculate the probability of an unfunded credit commitment being funded. We apply the loan funding probability factor to risk-factor adjusted unfunded credit commitments by credit risk-rating to derive the reserve for unfunded credit commitments. The reserve for unfunded credit commitments also includes certain qualitative allocations as deemed appropriate by management.

Fair Value Measurements

We use fair value measurements to record fair value for certain financial instruments and to determine fair value disclosures. We disclose our method and approach for fair value measurements of assets and liabilities in Note 2-"Summary of Significant Accounting Policies" of the "Notes to Consolidated Financial Statements" under Part II, Item 8 in this report.

ASC 820, Fair Value Measurements and Disclosures, establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the significant inputs to the valuation methodology used for measurement are observable or unobservable and the significance of the level of the input to the entire measurement. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect our estimates about market data. The three levels for measuring fair value are defined in Note 2-"Summary of Significant Accounting Policies" of the "Notes to Consolidated Financial Statements" under Part II, Item 8 in this report.

The degree of management judgment involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market parameters. For financial instruments that trade actively and have quoted market prices or observable market parameters, there is minimal subjectivity involved in measuring fair value (Level 1 measurements). When observable market prices and parameters are not fully available, management judgment is necessary to estimate fair value. For inactive markets, there is little information, if any, to evaluate if individual transactions are orderly. Accordingly, we are required to estimate, based upon all available facts and circumstances, the degree to which orderly transactions are occurring and provide more weighting to price quotes that are based upon orderly transactions (Level 2 measurements). In addition, changes in the market conditions may reduce the availability of quoted prices or observable data. For example, reduced liquidity in the capital markets or changes in secondary market activities could result in observable market inputs becoming unavailable. Therefore, when market data is not available, we use valuation techniques requiring more management judgment to estimate the appropriate fair value measurement (Level 3 measurements). Significant judgment is required to determine whether certain assets measured at fair value are included in Level 2 or Level 3. When making this judgment, we consider available information and our understanding of the valuation techniques and significant inputs used. The classification of Level 2 or Level 3 is based upon the specific facts and circumstances of each instrument or instrument category and judgments are made regarding the significance of the Level 3 inputs to the instrument's fair value measurement in its entirety. If Level 3 inputs are considered significant, the instrument is classified as Level 3. Accordingly, the degree of judgment exercised by management in determining fair value is greater for financial assets and liabilities categorized as Level 3. Our valuation processes include a number of key controls that are designed to ensure that fair value is measured appropriately.

The following table summarizes our financial assets and liabilities that are measured at fair value on a recurring basis and the amounts measured using significant Level 3 inputs. The fair value of the remaining assets and liabilities were measured using valuation methodologies involving market-based or market-derived information (collectively Level 1 and 2 measurements).

	December 31,			
	2014		2013	
(Dollars in thousands)	Total Balance	Level 3	Total Balance	Level 3
Assets carried at fair value	$ 15,008,982	$ 1,316,784	$ 13,331,120	$ 1,314,951
As a percentage of total assets	38.1%	3.3%	50.5%	5.0%
Liabilities carried at fair value	$ 31,111	$ —	$ 14,013	$ —
As a percentage of total liabilities	0.1%	—%	0.1%	—%
	Level 1 and 2	Level 3	Level 1 and 2	Level 3
Percentage of assets measured at fair value	91.2%	8.8%	90.1%	9.9%

Financial assets valued using Level 3 measurements consist of our non-marketable securities (investments in venture capital and private equity funds and direct equity investments in privately-held companies, and other investment securities in shares of public company stock subject to certain sales restrictions for which the sales restriction has not been lifted) and equity warrant assets (shares of private and public company capital stock). The valuation methodologies of our non-marketable securities carried under fair value accounting and equity warrant assets involve a significant degree of management judgment. Refer to Note 2-"Summary of Significant Accounting Policies" of the "Notes to Consolidated Financial Statements" under Part II, Item 8 in this report for a summary of the valuation techniques and significant inputs used for each class of Level 3 assets.

The inherent uncertainty in the process of valuing securities for which a ready market does not exist may cause our estimated values of these securities to differ significantly from the values that would have been derived had a ready market for the securities existed, and those differences could be material. The timing and amount of changes in fair value, if any, of these financial instruments depend upon factors beyond our control, including the performance of the underlying companies, fluctuations in the market prices of the preferred or common stock of the underlying companies, general volatility and interest rate market factors, and legal and contractual restrictions. The timing and amount of actual net proceeds, if any, from the disposition of these financial instruments depend upon factors beyond our control, including investor demand for IPOs, levels of M&A activity, legal and contractual restrictions on our ability to sell, and the perceived and actual performance of portfolio companies. All of these factors are difficult to predict and there can be no assurances that we will realize the full value of these securities, which could result in significant losses. (See "Risk Factors" under Item 1A of Part I above)

During 2014, the Level 3 assets that are measured at fair value on a recurring basis experienced net realized and unrealized gains of $451.7 million (which is inclusive of noncontrolling interest), primarily due to valuation increases in underlying investments in our managed funds, as well as gains from liquidity events and distributions. During 2013 and 2012, the Level 3 assets that are measured at fair value on a recurring basis experienced net realized and unrealized gains of $420.3 million and $104.7 million (which is inclusive of noncontrolling interest), respectively.

Derivative Assets-Equity Warrant Assets

As discussed above, the valuation of our equity warrant assets is a Level 3 measurement which requires a significant degree of management judgment in order to value the assets. Our equity warrant asset policy is also considered a critical policy due to the variability of returns from our shares of private and public companies and due to the degree of management judgment in selecting a valuation approach for our equity warrant assets.

The timing and value realized from the disposition of equity warrant assets depend upon factors beyond our control, including the performance of the underlying portfolio companies, investor demand for IPOs, fluctuations in the price of the underlying common stock of these private and public companies, levels of M&A activity, and legal and contractual restrictions on our ability to sell the underlying securities. All of these factors are difficult to predict. Many equity warrant assets may be terminated or may expire without compensation and may incur valuation losses from lower-priced funding rounds. We are unable to predict future gains or losses with accuracy, and gains or losses could vary materially from period to period.

Additionally, management has the ability to select from several valuation techniques and has alternative approaches in the calculation of significant inputs. The selection of alternative valuation techniques or alternative approaches used to calculate significant inputs in the current methodology may cause our estimated values of these assets to differ significantly from the values recorded. Further, the inherent uncertainty in the process of valuing these assets for which a ready market is unavailable may cause our estimated values of these assets to differ significantly from the values that would have been derived had a ready market for the assets existed, and those differences could be material and ultimately, the fair value of equity warrant assets may never be realized, which could result in significant losses.

Income Taxes

We are subject to income tax laws of the United States, its states and municipalities and those of the foreign jurisdictions in which we operate. Income taxes are accounted for using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax-basis carrying amount. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided when management assesses available evidence and exercises their judgment that it is more likely than not that some portion of the deferred tax asset will not be realized.

We consider our accounting policy relating to income taxes to be critical as the determination of current and deferred income taxes is based on complex analyses of many factors including interpretation of federal, state and foreign income tax laws, the difference between tax and financial reporting bases of assets and liabilities (temporary differences), estimates of amounts due or owed, the timing of reversals of temporary differences and current financial accounting standards. Actual results could

differ significantly from the estimates due to tax law interpretations used in determining the current and deferred income tax liabilities. Additionally, there can be no assurances that estimates and interpretations used in determining income tax liabilities may not be challenged by federal and state taxing authorities.

In establishing a provision for income tax expense, we must make judgments and interpretations about the application of these inherently complex tax laws. We must also make estimates about when in the future certain items will affect taxable income in the various tax jurisdictions, both domestic and foreign. We evaluate our uncertain tax positions in accordance with ASC 740, *Income Taxes.* We believe that our unrecognized tax benefits, including related interest and penalties, are adequate in relation to the potential for additional tax assessments.

We are also subject to routine corporate tax audits by the various tax jurisdictions. In the preparation of income tax returns, tax positions are taken based on interpretation of federal and state income tax laws as well as foreign tax laws. We review our uncertain tax positions quarterly, and we may adjust these unrecognized tax benefits in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Results of Operations

Net Interest Income and Margin (Fully Taxable Equivalent Basis)

Net interest income is defined as the difference between interest earned from loans, our fixed income investment portfolio (available-for-sale and held-to-maturity securities) and our short-term investment securities and interest paid on funding sources. Net interest income is one of our principal sources of revenue. Net interest margin is defined as net interest income, on a fully taxable equivalent basis, as a percentage of average interest-earning assets. Net interest income and net interest margin are presented on a fully taxable equivalent basis to consistently reflect income from taxable loans and securities and tax-exempt securities based on the federal statutory tax rate of 35.0 percent.

Analysis of Net Interest Income Changes Due to Volume and Rate (Fully Taxable Equivalent Basis)

Net interest income is affected by changes in the amount and mix of interest-earning assets and interest-bearing liabilities, referred to as “volume change.” Net interest income is also affected by changes in yields earned on interest-earning assets and rates paid on interest-bearing liabilities, referred to as “rate change.” The following table sets forth changes in interest income for each major category of interest-earning assets and interest expense for each major category of interest-bearing liabilities. The table also reflects the amount of simultaneous changes attributable to both volume and rate changes for the years indicated. For this table, changes that are not solely due to either volume or rate are allocated in proportion to the percentage changes in average volume and average rate.

(Dollars in thousands)	2014 compared to 2013 Change due to Volume	Rate	Total	2013 compared to 2012 Change due to Volume	Rate	Total
Interest income:						
Federal Reserve deposits, federal funds sold, securities purchased under agreements to resell and other short-term investment securities	$ 3,117	$ (707)	$ 2,410	$ 389	$ (480)	$ (91)
Fixed income investment portfolio (taxable)	98,572	(7,363)	91,209	(1,279)	9,578	8,299
Fixed income investment portfolio (non-taxable)	—	(100)	(100)	(497)	(61)	(558)
Loans, net of unearned income	117,222	(48,481)	68,741	105,518	(32,460)	73,058
Increase (decrease) in interest income, net	218,911	(56,651)	162,260	104,131	(23,423)	80,708
Interest expense:						
NOW deposits	137	185	322	106	30	136
Money market deposits	4,585	(1,659)	2,926	2,257	168	2,425
Money market deposits in foreign offices	54	(73)	(19)	33	(1)	32
Time deposits	(47)	(217)	(264)	50	(12)	38
Sweep deposits in foreign offices	98	(77)	21	(162)	(1)	(163)
Total increase (decrease) in deposits expense	4,827	(1,841)	2,986	2,284	184	2,468
Short-term borrowings	(76)	—	(76)	(108)	50	(58)
5.375% Senior Notes	11	53	64	11	(21)	(10)
Junior Subordinated Debentures	(10)	29	19	(11)	20	9
5.70% Senior Notes	—	—	—	(863)	—	(863)
6.05% Subordinated Notes	(19)	70	51	(16)	(15)	(31)
Other long-term debt	—	—	—	(92)	—	(92)
Total (decrease) increase in borrowings expense	(94)	152	58	(1,079)	34	(1,045)
Increase (decrease) in interest expense, net	4,733	(1,689)	3,044	1,205	218	1,423
Increase (decrease) in net interest income	$ 214,178	$ (54,962)	$ 159,216	$ 102,926	$ (23,641)	$ 79,285

Net Interest Income (Fully Taxable Equivalent Basis)

2014 compared to 2013

Net interest income increased by $159.2 million to $858.3 million in 2014, compared to $699.1 million in 2013. Overall, the increase in our net interest income was primarily due to higher average loan balances and growth in our investment securities portfolio, which has increased as a result of the continued growth in deposits. These increases were partially offset by lower overall loan and investments yields.

The main factors affecting interest income and interest expense for 2014, compared to 2013, are discussed below:

- *Interest income* for 2014 increased by $162.3 million primarily due to:
  - A $91.1 million increase in interest income on investment securities to $276.2 million in 2014, compared to $185.1 million in 2013 with the majority of the increase due to a $6.0 billion increase in average balances due to strong deposit growth. Interest income was offset by a decrease in the overall yield on our investment securities portfolio, which decreased 9 basis points to 1.66 percent. Lower reinvestment yields, resulting from a lower overall market rate environment and an increase in purchases of U.S. Treasury securities in 2014 contributed to a decrease in yields of 21 basis points.
  - A $68.7 million increase in interest income on loans to $610.9 million in 2014, compared to $542.2 million in 2013. This increase was reflective of an increase in average loan balances of $2.2 billion, partially offset by a decrease of 49 basis points in the overall yield on our loan portfolio. The decrease in yields was reflective of a continued change in the mix of our overall loan portfolio. Our loan growth in 2014 primarily came from our private equity/venture capital loan portfolio which, on average, tend to have lower yielding loans. Our yields were also impacted by the increased price competition and the overall low market rate environment throughout 2014.

- *Interest expense* for 2014 increased to $35.3 million, compared to $32.3 million for the comparable 2013 period. The increase in interest expense was primarily from interest-bearing money market deposits of $2.9 million, mainly attributable to growth of $1.9 billion in our average money market deposit balances.

2013 compared to 2012

Net interest income increased by $79.3 million to $699.1 million in 2013, compared to $619.8 million in 2012. Overall, we saw an increase in our net interest income primarily due to higher average loan balances and a higher overall yield on our available-for-sale-securities portfolio, primarily from lower premium amortization expense. These increases were partially offset by lower yields earned on our loans and available-for-sale securities.

The main factors affecting interest income and interest expense for 2013, compared to 2012, are discussed below:

- *Interest income* for 2013 increased by $80.7 million primarily due to:
  - A $73.1 million increase in interest income on loans to $542.2 million in 2013, compared to $469.1 million in 2012. This increase was reflective of an increase in average loan balances of $1.8 billion, partially offset by a decrease of 41 basis points in the overall yield on our loan portfolio. The decrease in yields was reflective of a shift in the mix of our late stage and sponsor-led buyout portfolios from national Prime rate, to LIBOR, indexed loans, in addition to, lower rates on existing and new capital call lines, as a result of increased competition.
  - A $7.7 million increase in interest income on fixed income securities to $185.1 million in 2013, compared to $177.3 million in 2012. The increase of $7.7 million was primarily due to:
    - An increase of $25.8 million resulting from the decrease in premium amortization expense. Premium amortization expense for 2013 was $29.8 million, compared to $55.6 million in 2012. The decrease in premium amortization expense was reflective of higher treasury rates during 2013 resulting in a slow-down of prepayments during 2013 as compared to 2012. Average 5-year, and 10-year, treasury bill rates were higher by 41, and 55, basis points, respectively, for 2013 as compared to 2012.
    - A decrease of $16.3 million as a result of a decline in yields and $1.6 million reflective of lower volume resulting from the strategic timing of the investment of excess cash during the low interest rate environment throughout most of 2013.
    - A decrease of $17.9 million in interest income, excluding premium amortization expense, for the year ended 2013 compared to 2012.
- *Interest expense* for 2013 increased by $1.4 million primarily due to:
  - An increase in interest expense from interest-bearing deposits of $2.5 million, primarily due to an $831 million increase in average money market deposits at a slightly higher yield in 2013 compared to 2012.
  - A decrease in interest expense of $1.0 million related to our long-term debt, primarily due to the maturity and repayment of our 5.70% Senior Notes of $141.0 million on June 1, 2012.

Net Interest Margin (Fully Taxable Equivalent Basis)

Our net interest margin decreased by 48 basis points to 2.81 percent in 2014, compared to 3.29 percent in 2013 and 3.19 percent in 2012.

2014 compared to 2013

The decrease in our net interest margin in 2014 was primarily reflective of growth in both our loan portfolio as well as our lower-yielding fixed income investment portfolio as a result of the significant growth in deposits and, as noted above, lower overall loan and investment yields. Our loan portfolio (higher-yielding assets) comprised 38 percent of our average interest-earning assets for the year ended December 31, 2014 compared to 44 percent for 2013.

2013 compared to 2012

The increase in our net interest margin in 2013 was primarily due to increased net interest income from loans, primarily as a result of a $1.8 billion increase in average loan balances (higher-yielding assets). The increase in our net interest margin was partially offset by a change in the mix of our investment portfolio as a larger proportion of our available for sale securities portfolio was invested in lower-yielding U.S. agency securities.

Average Balances, Yields and Rates Paid (Fully Taxable Equivalent Basis)

The average yield earned on interest-earning assets is the amount of annualized fully taxable equivalent interest income expressed as a percentage of average interest-earning assets. The average rate paid on funding sources is the amount of annualized interest expense expressed as a percentage of average funding sources. The following tables set forth average assets, liabilities, noncontrolling interests and SVBFG stockholders' equity, interest income, interest expense, annualized yields and rates, and the composition of our annualized net interest margin in 2014, 2013 and 2012:

Table of Contents

Average Balances, Yields and Rates Paid for the Year-Ended December 31, 2014, 2013 and 2012

	Year ended December 31,								
	2014			2013			2012		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Interest-earning assets:									
Federal Reserve deposits, federal funds sold, securities purchased under agreements to resell and other short-term investment securities (1)	$ 2,465,036	$ 6,464	0.26%	$ 1,309,770	$ 4,054	0.31%	$ 1,191,805	$ 4,145	0.35%
Investment Securities: (2)									
Available-for-sale securities:									
Taxable	12,873,327	195,698	1.52	10,516,177	180,162	1.71	10,594,533	171,863	1.62
Non-taxable (3)	33,808	2,040	6.03	82,702	4,925	5.96	91,031	5,483	6.02
Held-to-maturity securities:									
Taxable	3,646,836	75,673	2.08	—	—	—	—	—	—
Non-taxable (3)	49,581	2,785	5.62	—	—	—	—	—	—
Total loans, net of unearned income (4) (5)	11,502,941	610,945	5.31	9,351,378	542,204	5.80	7,558,928	469,146	6.21
Total interest-earning assets	30,571,529	893,605	2.92	21,260,027	731,345	3.44	19,436,297	650,637	3.35
Cash and due from banks	232,890			274,272			303,156		
Allowance for loan losses	(134,044)			(122,489)			(102,068)		
Other assets (6)	2,293,820			1,798,937			1,673,787		
Total assets	$ 32,964,195			$ 23,210,747			$ 21,311,172		
Funding sources:									
Interest-bearing liabilities:									
NOW deposits	$ 170,299	$ 801	0.47%	$ 135,585	$ 479	0.35%	$ 105,060	$ 343	0.33%
Money market deposits	5,423,350	9,920	0.18	3,534,466	6,994	0.20	2,703,434	4,569	0.17
Money market deposits in foreign offices	224,675	137	0.06	159,700	156	0.10	125,962	124	0.10
Time deposits	154,698	370	0.24	168,209	634	0.38	154,917	596	0.38
Sweep deposits in foreign offices	1,936,916	886	0.05	1,729,228	865	0.05	2,055,209	1,028	0.05
Total interest-bearing deposits	7,909,938	12,114	0.15	5,727,188	9,128	0.16	5,144,582	6,660	0.13
Short-term borrowings	6,264	3	0.05	27,018	79	0.29	70,802	137	0.19
5.375% Senior Notes	348,313	19,323	5.55	348,094	19,259	5.53	347,886	19,269	5.54
Junior Subordinated Debentures	54,940	3,352	6.10	55,115	3,333	6.05	55,291	3,324	6.01
5.70% Senior Notes	—	—	—	—	—	—	59,375	863	1.45
6.05% Subordinated Notes	51,221	529	1.03	53,275	478	0.90	55,079	509	0.92
Other long-term debt	—	—	—	—	—	—	481	92	19.13
Total interest-bearing liabilities	8,370,676	35,321	0.42	6,210,690	32,277	0.52	5,733,496	30,854	0.54
Portion of noninterest-bearing funding sources	22,200,853			15,049,337			13,702,801		
Total funding sources	30,571,529	35,321	0.11	21,260,027	32,277	0.15	19,436,297	30,854	0.16
Noninterest-bearing funding sources:									
Demand deposits	20,410,887			13,892,006			12,765,506		
Other liabilities	419,043			331,343			350,610		
SVBFG stockholders' equity	2,523,235			1,927,674			1,735,281		
Noncontrolling interests	1,240,354			849,034			726,279		
Portion used to fund interest-earning assets	(22,200,853)			(15,049,337)			(13,702,801)		
Total liabilities and total equity	$ 32,964,195			$ 23,210,747			$ 21,311,172		
Net interest income and margin		$ 858,284	2.81%		$ 699,068	3.29%		$ 619,783	3.19%
Total deposits	$ 28,320,825			$ 19,619,194			$ 17,910,088		
Reconciliation to reported net interest income:									
Adjustments for taxable equivalent basis		(1,689)			(1,724)			(1,919)	
Net interest income, as reported		$ 856,595			$ 697,344			$ 617,864	

(1) Includes average interest-earning deposits in other financial institutions of $364 million, $191 million and $250 million in 2014, 2013 and 2012, respectively. For 2014, 2013 and 2012, balances also include $1.9 billion, $1.0 billion and $0.7 billion, respectively, deposited at the FRB, earning interest at the Federal Funds target rate.

(2) Yields on interest-earning investment securities do not give effect to changes in fair value that are reflected in other comprehensive income.

(3) Interest income on non-taxable investment securities is presented on a fully taxable-equivalent basis using the federal statutory income tax rate of 35.0 percent for all periods presented.
(4) Nonaccrual loans are reflected in the average balances of loans.
(5) Interest income includes loan fees of $97.3 million, $84.3 million and $76.1 million in 2014, 2013 and 2012, respectively.
(6) Average investment securities of $1.8 billion, $1.3 billion and $1.3 billion in 2014, 2013 and 2012, respectively, were classified as other assets as they were noninterest-earning assets. These investments primarily consisted of non-marketable and other securities.

Provision for Loan Losses

Our provision for loan losses is based on our evaluation of the existing allowance for loan losses in relation to total gross loans using historical and other objective information, and on our qualitative assessment of the inherent and identified credit risks of the loan portfolio. For a more detailed discussion of credit quality and the allowance for loan losses, see "Critical Accounting Policies and Estimates" above and "-Consolidated Financial Condition-Credit Quality and the Allowance for Loan Losses" below.

The following table summarizes our allowance for loan losses for 2014, 2013 and 2012, respectively:

	Year ended December 31,		
(Dollars in thousands)	**2014**	**2013**	**2012**
Allowance for loan losses, beginning balance	$ 142,886	$ 110,651	$ 89,947
Provision for loan losses	59,486	63,693	44,330
Gross loan charge-offs	(43,168)	(42,666)	(33,319)
Loan recoveries	6,155	11,208	9,693
Allowance for loan losses, ending balance	$ 165,359	$ 142,886	$ 110,651
Provision for loan losses as a percentage of total gross loans	0.41%	0.58%	0.49%
Gross loan charge-offs as a percentage of average total gross loans	0.37	0.45	0.44
Net loan charge-offs as a percentage of average total gross loans	0.32	0.33	0.31
Allowance for loan losses as a percentage of period-end total gross loans	1.14	1.30	1.23
Period-end total gross loans	$ 14,488,766	$ 10,995,268	$ 9,024,248
Average total gross loans	11,592,052	9,431,128	7,623,417

We had a provision for loan losses of $59.5 million in 2014, compared to a provision of $63.7 million in 2013. The provision of $59.5 million in 2014 was primarily driven by net charge-offs of $37.0 million and period-end loan growth of $3.5 billion resulting in a provision of $36.6 million, offset by a reserve release of $7.9 million in 2014 due to the improvement of the credit quality of our overall loan portfolio and a $6.2 million decrease in the reserve for impaired loans resulting from a decrease in impaired loan balances. Gross loan charge-offs of $43.2 million and loan recoveries of $6.2 million were primarily from our hardware and software and internet client portfolios.

We had a provision for loan losses of $63.7 million in 2013, compared to a provision of $44.3 million in 2012. The provision of $63.7 million in 2013 was primarily driven by net charge-offs of $31.5 million and period-end loan growth of $2.0 billion resulting in a provision of $21.9 million. Gross loan charge-offs of $42.7 million and loan recoveries of $11.2 million in 2013 were primarily from our hardware, software and internet, and other commercial client portfolios.

Our impaired loans totaled $38.1 million at December 31, 2014, compared to $51.6 million at December 31, 2013. The allowance for loan losses related to impaired loans was $15.1 million at December 31, 2014, compared to $21.3 million at December 31, 2013.

Noninterest Income

A summary of noninterest income, and reconciliation of non-GAAP core fee income to GAAP noninterest income, for 2014, 2013 and 2012 is as follows:

	Year ended December 31,				
(Dollars in thousands)	2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Non-GAAP core fee income (1):					
Foreign exchange fees	$ 71,659	$ 57,411	24.8 %	$ 52,433	9.5 %
Credit card fees	41,792	32,461	28.7	24,809	30.8
Deposit service charges	39,937	35,948	11.1	33,421	7.6
Lending related fees (2)	25,711	20,980	22.6	18,038	16.3
Letters of credit and standby letters of credit fees	15,649	14,716	6.3	15,150	(2.9)
Client investment fees	14,883	13,959	6.6	14,539	(4.0)
Total non-GAAP core fee income	209,631	175,475	19.5	158,390	10.8
Gains on investment securities, net	267,023	419,408	(36.3)	122,114	NM
Gains on derivative instruments, net	96,845	42,184	129.6	18,679	125.8
Other	(1,260)	36,139	(103.5)	36,363	(0.6)
GAAP noninterest income	$ 572,239	$ 673,206	(15.0)	$ 335,546	100.6

NM—Not meaningful

(1) This non-GAAP measure represents noninterest income, but excludes certain line items where performance is typically subject to market or other conditions beyond our control.

(2) Lending related fees consists of fee income associated with credit commitments such as unused commitment fees, syndication fees and other loan processing fees and, historically, has been included in other noninterest income. Prior period amounts have been reclassified to conform to the current period presentation.

Included in noninterest income is income and expense attributable to noncontrolling interests. We recognize, as part of our investment funds management business through SVB Capital and Debt Fund Investments, the entire income or loss from certain funds, even those in which we own significantly less than 100% of the investment. We are required under GAAP to consolidate 100% of the results of entities that we are deemed to control. The relevant amounts attributable to investors other than us are reflected under “Net Income Attributable to Noncontrolling Interests” on our statements of income. Where applicable, the tables below for noninterest income and net gains on investment securities exclude noncontrolling interests, net losses on the SVBIF Sale Transaction, as well as gains from sales of certain available-for-sale-securities and certain other assets. We believe these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by excluding certain items that represent income attributable to investors other than us and our subsidiaries. Our management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing our operating results and when planning, forecasting and analyzing future periods. However, these non-GAAP financial measures should be considered in addition to, not as a substitute for or preferable to, financial measures prepared in accordance with GAAP.

The following table provides a reconciliation of non-GAAP noninterest income, net of noncontrolling interests and non-GAAP noninterest income, net of noncontrolling interests and excluding net losses on SVBIF Sale Transaction and gains on sales of certain assets, each to GAAP noninterest income:

Non-GAAP noninterest income, net of noncontrolling interests (Dollars in thousands)	Year ended December 31, 2014	2013	% Change 2014/2013	2012	% Change 2013/2012
GAAP noninterest income	$ 572,239	$ 673,206	(15.0)%	$ 335,546	100.6 %
Less: income attributable to noncontrolling interests, including carried interest	233,624	342,904	(31.9)	85,940	NM
Non-GAAP noninterest income, net of noncontrolling interests	338,615	330,302	2.5	249,606	32.3
Less: net losses on SVBIF Sale Transaction (1)	(13,934)	—	100.0	—	—
Less: gains on sales of certain available-for-sale securities (2)	—	—	—	4,955	(100.0)
Less: net gains on the sale of certain assets related to our equity management services business (3)	—	—	—	4,243	(100.0)
Non-GAAP noninterest income, net of noncontrolling interests and excluding net losses on SVBIF Sale Transaction and gains on sales of certain assets	$ 352,549	$ 330,302	6.7	$ 240,408	37.4

NM—Not meaningful
(1) Pre-tax net losses of $13.9 million on the pending sale of SVBIF are included in other noninterest income at December 31, 2014.
(2) Gains on the sales of $316 million in certain available-for-sale securities are included in gains on investment securities, net at December 31, 2012.
(3) Net gains of $4.2 million from the sale of certain assets related to our equity management services business are included in other noninterest income at December 31, 2012.

Gains on Investment Securities, Net

Net gains on investment securities include both gains from our non-marketable and other securities, as well as gains from sales of our available-for-sale securities portfolio, when applicable.

Our available-for-sale and held-to-maturity securities portfolios are primarily fixed income investment portfolios that are managed to earn an appropriate portfolio yield over the long-term while maintaining sufficient liquidity and credit diversification, as well as to address our asset/liability management objectives. Our available-for-sale securities portfolio may, from time to time, hold equity securities as a result of our exercised equity warrant assets. Sales of equity securities held as a result of exercised warrants, result in net gains or losses on investment securities. These sales are consistent with the provisions of our investment policy related to the management of our liquidity position and interest rate risk. Though infrequent, sales of investment securities in our available-for-sale portfolio may result in net gains or losses and are also consistent with the provisions of our investment policy.

Our non-marketable and other securities portfolio primarily represents investments in venture capital and private equity funds, debt funds and private and public portfolio companies. We experience variability in the performance of our non-marketable and other securities from period to period, which results in net gains or losses on investment securities (both realized and unrealized). This variability is due to a number of factors, including unrealized changes in the fair value of our investments, changes in the amount of realized gains from distributions, or changes in liquidity events and general economic and market conditions. Unrealized gains from non-marketable and other securities for any single period are typically driven by valuation changes, and are therefore subject to potential increases or decreases in future periods. Such variability may lead to volatility in the gains or losses from investment securities and as such our results for a particular period are not necessarily indicative of our performance in a future period.

The extent to which any unrealized gains or losses will become realized is subject to a variety of factors, including, among other things, the expiration of certain sales restrictions to which these securities are subject, the actual sales of securities and the timing of such actual sales.

In 2014, we had net gains on investment securities of $267.0 million, compared to $419.4 million and $122.1 million in 2013 and 2012, respectively. Non-GAAP net gains on investment securities, net of noncontrolling interests and excluding gains on sales of certain available-for-sale securities, were $30.7 million in 2014, compared to $77.3 million and $31.5 million in 2013 and 2012, respectively. Net gains on investment securities, net of noncontrolling interests of $30.7 million in 2014 were driven by the following:

- Gains of $26.5 million from our strategic and other investments, primarily driven by strong distributions from our strategic venture capital fund investments.
- Gains of $22.9 million from our managed funds of funds, primarily related to unrealized valuation adjustments.
- Losses of $18.6 million from our available-for-sale securities portfolio, primarily attributable to the sale of shares of FireEye common stock (acquired through the exercise of certain warrants) during the second quarter of 2014.

The following table provides a reconciliation of non-GAAP net gains on investment securities, net of noncontrolling interests, to GAAP gains on investment securities, net, for 2014, 2013 and 2012:

(Dollars in thousands)	Managed Funds of Funds	Managed Direct Venture Funds	Debt Funds	Available-For-Sale Securities	Strategic and Other Investments	Total
Year ended December 31, 2014						
GAAP gains (losses) on investment securities, net	$ 262,463	$ (6,512)	$ 3,191	$ (18,597)	$ 26,478	$ 267,023
Less: gains (losses) attributable to noncontrolling interests, including carried interest	239,588	(3,279)	(15)	—	—	236,294
Non-GAAP net gains (losses) on investment securities, net of noncontrolling interests	$ 22,875	$ (3,233)	$ 3,206	$ (18,597)	$ 26,478	$ 30,729
Year ended December 31, 2013						
GAAP gains on investment securities, net	$ 169,749	$ 229,506	$ 9,440	$ 538	$ 10,175	$ 419,408
Less: gains (losses) attributable to noncontrolling interests, including carried interest	154,741	187,392	(5)	—	—	342,128
Non-GAAP net gains on investment securities, net of noncontrolling interests	$ 15,008	$ 42,114	$ 9,445	$ 538	$ 10,175	$ 77,280
Year ended December 31, 2012						
GAAP gains on investment securities, net	$ 44,198	$ 54,662	$ 12,381	$ 4,241	$ 6,632	$ 122,114
Less: gains attributable to noncontrolling interests, including carried interest	40,828	44,778	34	—	—	85,640
Non-GAAP net gains on investment securities, net of noncontrolling interests	3,370	9,884	12,347	4,241	6,632	36,474
Less: gain on sales of certain available-for-sale securities	—	—	—	4,955	—	4,955
Non-GAAP net gains (losses) on investment securities, net of noncontrolling interests and excluding gains on sales of certain available-for-sale securities	$ 3,370	$ 9,884	$ 12,347	$ (714)	$ 6,632	$ 31,519

Gains on Derivative Instruments, Net

A summary of gains on derivative instruments, net, for 2014, 2013 and 2012 is as follows:

(Dollars in thousands)	Year ended December 31, 2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Equity warrant assets (1):					
Gains on exercises, net	$ 29,802	$ 8,716	NM	$ 10,000	(12.8)%
Change in fair value:					
Cancellations and expirations	(856)	(450)	90.2%	(1,522)	(70.4)
Changes in fair value	42,066	37,835	11.2	10,907	NM
Net gains on equity warrant assets	71,012	46,101	54.0	19,385	137.8
Gains on foreign exchange forward contracts, net:					
Gains (losses) on client foreign exchange forward contracts, net (2)	5,081	(452)	NM	460	(198.3)
Gains (losses) on internal foreign exchange forward contracts, net (3)	21,598	(4,213)	NM	(103)	NM
Total gains (losses) on foreign exchange forward contracts, net	26,679	(4,665)	NM	357	NM
Change in fair value of interest rate swaps	(50)	14	NM	603	(97.7)
Net (losses) gains on other derivatives (4)	(796)	734	NM	(1,666)	(144.1)
Gains on derivative instruments, net	$ 96,845	$ 42,184	129.6	$ 18,679	125.8

NM—Not meaningful

(1) At December 31, 2014, we held warrants in 1,478 companies, compared to 1,320 companies at December 31, 2013 and 1,270 companies at December 31, 2012. The total value of our warrant portfolio was $117 million at December 31, 2014, $103 million at December 31, 2013, and $74 million at December 31, 2012. Of the 1,478 companies, 25 companies made up approximately 35% of the fair value of the portfolio at December 31, 2014.

(2) Represents the net gains (losses) for foreign exchange forward contracts executed on behalf of clients, excluding any spread or fees earned in connection with these trades.

(3) Represents the change in the fair value of foreign exchange forward contracts used to economically reduce our foreign exchange exposure related to certain foreign currency denominated instruments. Refer to revaluation of foreign currency instruments included in the line item "Other" within noninterest income for the amount we were able to partially offset.

(4) Primarily represents the change in fair value of loan conversion options held by SVB Financial. For more information, refer to Note 13—"Derivative Financial Instruments" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report.

Gains on derivative instruments, net, were $96.8 million in 2014, compared to $42.2 million in 2013 and $18.7 million in 2012. The increase of $54.6 million in 2014 was primarily due to the following:

- Net gains on equity warrant assets of $71.0 million in 2014, compared to net gains of $46.1 million in 2013. The $24.9 million increase was primarily due to net gains of $29.8 million from the exercise of equity warrant assets, reflective of the exercise and conversion of several of our public warrants including, FireEye and Twitter, compared to $8.7 million in 2013. In addition, net gains from warrant valuations were $42.1 million in 2014 compared to $37.8 million in 2013, an increase of $4.3 million primarily driven by changes in warrant valuations from our private company warrant portfolio.
- Net gains of $21.6 million on internal foreign exchange forward contracts hedging certain of our foreign currency denominated instruments in 2014, compared to net losses of $4.2 million for the comparable 2013 period. The higher gains in 2014 were primarily attributable to the strengthening of the U.S. Dollar against the Euro and Pound Sterling. These gains are offset by losses of $21.6 million from the revaluation of foreign currency denominated instruments that are included in the line item "other" within noninterest income as noted below.

The $23.5 million increase of gains on derivative instruments, net in 2013 compared to 2012 was primarily due to the following:

- Net gains on equity warrant assets of $46.1 million in 2013, compared to net gains of $19.4 million in 2012. The $26.7 million increase was primarily due to net gains from warrant valuations of $37.8 million from both private and public clients, of which $14.2 million in gains resulted from increases in valuations of FireEye and Twitter, compared to $10.9 million in 2012.

Foreign Exchange Fees

Foreign exchange fees represent the income differential between purchases and sales of foreign currency on behalf of our clients and offsetting trades with correspondent banks. Foreign exchange fees were $71.7 million in 2014, compared to $57.4 million and $52.4 million in 2013 and 2012, respectively. The increases were primarily due to increased utilization of foreign currency products by our clients, resulting in an increase in the number of trades and commissioned notional values.

Credit Card Fees

Credit card fees were $41.8 million in 2014, compared to $32.5 million and $24.8 million in 2013 and 2012, respectively. The increases reflected increased client awareness of our credit card products and the introduction of custom payment solutions, which has resulted in new credit card clients and an increase in client activity. Custom payment solutions primarily utilize virtual cards for clients with high volume payment processing needs.

Deposit Service Charges

Deposit service charges were $39.9 million in 2014, compared to $35.9 million and $33.4 million in 2013 and 2012, respectively. The increases were reflective of the increase in the number of deposit clients, as well as increases in transaction volumes and size.

Lending Related Fees

Lending related fees were $25.7 million in 2014, compared to $21.0 million and $18.0 million in 2013 and 2012, respectively. The increase in 2014 is due to an increase in unused commitment fees. Unused loan commitments increased to $13.5 billion at December 31, 2014 from $10.5 billion at December 31, 2013.

Client Investment Fees

We offer a variety of investment products on which we earn fees. These products include money market mutual funds, overnight repurchase agreements and sweep money market funds available through the Bank; client-directed accounts offered through SVB Securities, our broker dealer subsidiary, or fixed income management services offered through SVB Asset Management, our investment advisory subsidiary.

Client investment fees were $14.9 million in 2014, compared to $14.0 million and $14.5 million in 2013 and 2012, respectively. The nominal increase from 2013 to 2014 was reflective of an increase in average client investment funds partially offset by lower margins earned on certain products due to low rates in the short-term fixed income markets. The increase in average client investment funds was driven by our clients' increased utilization of our off-balance sheet products managed by SVB Asset Management, as well as our cash sweep product. The following table summarizes average client investment funds for 2014, 2013 and 2012:

	Year ended December 31,				
(Dollars in millions)	2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Client directed investment assets (1)	$ 7,173	$ 7,207	(0.5)%	$ 7,335	(1.7)%
Client investment assets under management	16,049	11,775	36.3	10,282	14.5
Sweep money market funds	6,814	5,237	30.1	2,596	101.7
Total average client investment funds (2)	$ 30,036	$ 24,219	24.0	$ 20,213	19.8

(1) Comprised of mutual funds and Repurchase Agreement Program assets.
(2) Client investment funds are maintained at third party financial institutions and are not recorded on our balance sheet.

The following table summarizes period-end client investment funds at December 31, 2014, 2013 and 2012:

	December 31,				
(Dollars in millions)	2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Client directed investment assets	$ 6,158	$ 7,073	(12.9)%	$ 7,604	(7.0)%
Client investment assets under management	18,253	12,689	43.8	10,824	17.2
Sweep money market funds	7,957	6,601	20.5	4,085	61.6
Total period-end client investment funds	$ 32,368	$ 26,363	22.8	$ 22,513	17.1

Other Noninterest (Loss) Income

A summary of other noninterest (loss) income for 2014, 2013 and 2012 is as follows:

	Year ended December 31,				
(Dollars in thousands)	2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Fund management fees	$ 13,498	$ 11,163	20.9 %	$ 11,057	1.0 %
Service-based fee income	8,801	7,807	12.7	7,937	(1.6)
Net gains on the sale of certain assets related to our equity management services business	—	—	—	4,243	(100.0)
Net losses on the sale of certain assets related to our SVBIF Sales Transaction	(13,934)	—	—	—	—
(Losses) gains on revaluation of foreign currency instruments (1)	(21,636)	3,016	NM	1,677	79.8
Other (2)	12,011	14,153	(15.1)	11,449	23.6
Total other noninterest (loss) income	$ (1,260)	$ 36,139	(103.5)	$ 36,363	(0.6)

NM—Not meaningful

(1) Represents the revaluation of foreign currency denominated financial instruments issued and held by us, primarily loans, deposits and cash. These instruments partially offset the impact of changes in internal foreign exchange forward contracts. Refer to internal foreign exchange forward contracts, net included within gains on derivative instruments as noted above.

(2) Includes dividends on FHLB/FRB stock, correspondent bank rebate income and other fee income.

Total loss in other noninterest income was $1.3 million in 2014, compared to income of $36.1 million in 2013 and income of $36.4 million in 2012. The decrease of $37.4 million in other noninterest income from 2014 to 2013 was due to the following:

- Losses of $21.6 million from the revaluation of foreign currency instruments, compared to gains of $3.0 million in 2013. The revaluation losses were primarily due to the strengthening of the U.S. Dollar against the Euro and Pound Sterling. The losses from the revaluation of foreign currency instruments were offset by net gains of $21.6 million for 2014 on internal foreign exchange forward contracts economically hedging certain of these instruments, which are included within noninterest income in the line item "gains on derivative instruments" as noted above.
- Pre-tax net losses of $13.9 million related to the pending sale of SVBIF, which consists of:
  - Approximately $12.9 million of losses primarily attributable to cumulative foreign currency translation adjustment, and
  - $1.0 million in accrued transaction-related expenses.

  The pre-tax net losses of $13.9 million are offset by the related tax impacts which are reflected in income taxes resulting in a post-tax net loss of $11.4 million.

The decrease of $0.3 million in 2013 was primarily due to the following:

- Nonrecurring gains of $4.2 million on the sale of certain assets related to our equity management services business in the second quarter of 2012.

- Gains of $3.0 million on the revaluation of foreign currency instruments, compared to gains of $1.7 million in 2012. The revaluation gains were primarily due to the weakening of the U.S. Dollar against the Euro and Pound Sterling.

Noninterest Expense

A summary of noninterest expense for 2014, 2013 and 2012 is as follows:

	Year ended December 31,				
(Dollars in thousands)	2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Compensation and benefits	$ 409,486	$ 366,801	11.6 %	$ 326,942	12.2%
Professional services	94,377	76,178	23.9	67,845	12.3
Premises and equipment	49,716	45,935	8.2	40,689	12.9
Business development and travel	40,057	33,334	20.2	29,409	13.3
Net occupancy	30,004	24,937	20.3	22,536	10.7
FDIC assessments	19,206	12,784	50.2	10,959	16.7
Correspondent bank fees	13,118	12,142	8.0	11,168	8.7
Provision for unfunded credit commitments	6,511	7,642	(14.8)	488	NM
Other	54,396	41,927	29.7	35,962	16.6
Total noninterest expense	$ 716,871	$ 621,680	15.3	$ 545,998	13.9

NM—Not meaningful

Included in noninterest expense is expense attributable to noncontrolling interests. See below for a description and reconciliation of non-GAAP noninterest expense and non-GAAP operating efficiency ratio, both of which exclude noncontrolling interests.

Non-GAAP Noninterest Expense

We use and report non-GAAP noninterest expense, non-GAAP taxable equivalent revenue and non-GAAP operating efficiency ratio, which excludes noncontrolling interests and net gains from note repurchases and termination of corresponding interest rate swaps (when applicable). We believe these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by: (i) excluding certain items that represent expenses attributable to investors other than us and our subsidiaries, or certain items that do not occur every reporting period; or (ii) providing additional information used by management that is not otherwise required by GAAP or other applicable requirements. Our management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing our operating results and when planning, forecasting and analyzing future periods. However, these non-GAAP financial measures should be considered in addition to, not as a substitute for or preferable to, financial measures prepared in accordance with GAAP. The table below provides a summary of non-GAAP noninterest expense and non-GAAP operating efficiency ratio, both net of noncontrolling interests and excluding net losses on SVBIF Sale Transaction and gains on sales of certain assets:

Non-GAAP operating efficiency ratio, net of noncontrolling interests (Dollars in thousands, except ratios)	Year ended December 31, 2014	2013	% Change 2014/2013	2012	% Change 2013/2012
GAAP noninterest expense	$ 716,871	$ 621,680	15.3 %	$ 545,998	13.9 %
Less: expense attributable to noncontrolling interests	18,867	12,714	48.4	11,336	12.2
Non-GAAP noninterest expense, net of noncontrolling interests	$ 698,004	$ 608,966	14.6	$ 534,662	13.9
GAAP net interest income	$ 856,595	$ 697,344	22.8	$ 617,864	12.9
Adjustments for taxable equivalent basis	1,689	1,724	(2.0)	1,919	(10.2)
Non-GAAP taxable equivalent net interest income	$ 858,284	$ 699,068	22.8	$ 619,783	12.8
Less: income attributable to noncontrolling interests	33	76	(56.6)	106	(28.3)
Non-GAAP taxable equivalent net interest income, net of noncontrolling interests	$ 858,251	$ 698,992	22.8	$ 619,677	12.8
GAAP noninterest income	$ 572,239	$ 673,206	(15.0)	$ 335,546	100.6
Non-GAAP noninterest income, net of noncontrolling interests and excluding net losses on SVBIF Sale Transaction and gains on sales of certain assets	352,549	330,302	6.7	240,408	37.4
GAAP total revenue	$ 1,428,834	$ 1,370,550	4.3	$ 953,410	43.8
Non-GAAP taxable equivalent revenue, net of noncontrolling interests and excluding net losses on SVBIF Sale Transaction and gains on sales of certain assets	$ 1,210,800	$ 1,029,294	17.6	$ 860,085	19.7
GAAP operating efficiency ratio	50.17%	45.36%	10.6	57.27%	(20.8)
Non-GAAP noninterest income, net of noncontrolling interests and excluding net losses on SVBIF Sale Transaction and gains on sales of certain assets (1)	57.65	59.16	(2.6)	62.16	(4.8)

(1) The non-GAAP operating efficiency ratio is calculated by dividing non-GAAP noninterest expense, net of noncontrolling interests by non-GAAP total taxable-equivalent revenue, net of noncontrolling interests and excluding net losses on SVBIF Sale Transaction and gains on sales of certain assets.

Compensation and Benefits Expense

The following table provides a summary of our compensation and benefits expense:

(Dollars in thousands)	Year ended December 31, 2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Compensation and benefits					
Salaries and wages	$ 186,763	$ 159,455	17.1%	$ 150,536	5.9%
Incentive compensation & ESOP	107,564	103,494	3.9	86,684	19.4
Other employee benefits (1)	115,159	103,852	10.9	89,722	15.7
Total compensation and benefits	$ 409,486	$ 366,801	11.6	$ 326,942	12.2
Period-end full-time equivalent employees	1,914	1,704	12.3	1,615	5.5
Average full-time equivalent employees	1,815	1,669	8.7	1,581	5.6

(1) Other employee benefits includes employer payroll taxes, group health and life insurance, share-based compensation, 401(k), warrant incentive and retention program plans, agency fees and other employee related expenses.

Compensation and benefits expense was $409.5 million in 2014, compared to $366.8 million in 2013 and $326.9 million in 2012. The key factors driving the increase in compensation and benefits expense in 2014 were as follows:

- An increase of $27.3 million in salaries and wages expense, primarily due to an increase in the number of average FTEs, as well as from market adjustments. Average FTEs increased by 146 to 1,815 in 2014, compared to 1,669 in

2013, primarily to support our product development, operational and sales and advisory, as well as to support our commercial banking operations and initiatives.

- An increase of $11.3 million in other employee benefits, primarily due to share-based plan expense primarily as a result of the increase in the valuation of the SVB Financial's common stock and to various other employee benefits that increased due to the increase in average FTEs.
- An increase of $4.1 million in incentive compensation and ESOP expense, primarily reflective of an increase in average FTEs.

The increase in compensation and benefits expense of $39.9 million in 2013 as compared to 2012 was primarily due to the following:

- An increase of $16.8 million in incentive compensation and ESOP expense, primarily reflective of higher expenses in 2013 as a result of strong performance relative to our internal performance targets for the year.
- An increase of $14.1 million in other employee benefits, primarily due to warrant incentive program plan expense resulting from the gains recorded for the increase in valuation related to IPOs in 2013 and share-based plan expense primarily as a result of the increase in the valuation of the SVB Financial's common stock. The remaining increases related to various other employee benefits.
- An increase of $8.9 million in salaries and wages expense, primarily due to an increase in the number of average FTEs, as well as from merit increases. Average FTEs increased by 88 to 1,669 in 2013, compared to 1,581 in 2012, primarily to support our product development, operational and sales and advisory, as well as to support our commercial banking operations and initiatives.

Our variable compensation plans primarily consist of our Incentive Compensation Plan, Direct Drive Incentive Compensation Plan, 401(k) and ESOP Plan, Retention Program and Warrant Incentive Plan. Total costs incurred under these plans were $125.3 million in 2014, compared to $123.2 million in 2013 and $101.2 million in 2012. These amounts are included in total compensation and benefits expense discussed above.

Professional Services

Professional services expense was $94.4 million in 2014, compared to $76.2 million in 2013 and $67.8 million in 2012. The increases were primarily due to increased activities to support our expansion of product offerings as well as our continued investment into ongoing business and IT infrastructure initiatives.

Premises and Equipment

Premises and equipment expense was $49.7 million in 2014, compared to $45.9 million in 2013 and $40.7 million in 2012. The increases were primarily due to increased spending to enhance and maintain our IT infrastructure.

Business Development and Travel

Business development and travel expense was $40.1 million in 2014, compared to $33.3 million in 2013 and $29.4 million in 2012. The increases were primarily due to an increase in client related events supporting the growth of our business as well as employee related expenses due to the increase in average FTEs.

Net Occupancy

Net occupancy expense was $30.0 million in 2014, compared to $24.9 million in 2013 and $22.5 million in 2012. The increases were primarily due to lease renewals at higher costs, reflective of market conditions, and the expansion of certain offices to support our growth.

FDIC Assessments

FDIC assessments expense was $19.2 million in 2014, compared to $12.8 million in 2013 and $11.0 million in 2012. The increases were due to the increase of $9.8 billion and $1.9 billion in average assets in 2014 and 2013, respectively.

Provision for Unfunded Credit Commitments

We recorded a provision for unfunded credit commitments of $6.5 million in 2014, compared to $7.6 million in 2013 and $0.5 million in 2012. The provision in 2014 was primarily due to growth in total loan commitments available for funding and commercial and standby letters of credit which, increased by $3.2 billion to $14.7 billion in 2014 from $11.5 billion in 2013.

We recorded a provision for unfunded credit commitments of $7.6 million in 2013, compared to $0.5 million in 2012. The provision in 2013 was primarily due to growth in total loan commitments available for funding and commercial and standby letters of credit balances which increased by $2.9 billion in 2013.

Other Noninterest Expense

A summary of other noninterest expense for 2014, 2013 and 2012 is as follows:

	Year ended December 31,				
(Dollars in thousands)	2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Client services	$ 10,692	$ 8,181	30.7%	$ 6,910	18.4 %
Tax credit fund amortization	9,691	6,436	50.6	3,911	64.6
Data processing services	8,079	7,895	2.3	5,876	34.4
Telephone	7,250	6,258	15.9	6,528	(4.1)
Postage and supplies	3,196	2,462	29.8	2,482	(0.8)
Dues and publications	2,549	1,745	46.1	2,067	(15.6)
Other	12,939	8,950	44.6	8,188	9.3
Total other noninterest expense	$ 54,396	$ 41,927	29.7	$ 35,962	16.6

Other noninterest expense was $54.4 million in 2014 compared to $41.9 million and $36.0 million for 2013 and 2012 respectively. The increase was primarily due to increases in tax credit fund amortization expense reflective of $55.1 million and $16.1 million in additional tax credit fund investment purchases in 2014 and 2013, respectively, as well as an increase in client services expense related to increased transaction process volumes and increased marketing expense, included in other, for advertising/promotion in new and existing markets.

Net Income Attributable to Noncontrolling Interests

Included in net income is income and expense attributable to noncontrolling interests. The relevant amounts attributable to investors other than us are reflected under “Net Income Attributable to Noncontrolling Interests” in our statements of income.

In the table below, noninterest income consists primarily of investment gains and losses from our consolidated funds. Noninterest expense is primarily related to management fees paid by our managed funds to SVB Financial’s subsidiaries as the funds’ general partners. A summary of net income attributable to noncontrolling interests for 2014, 2013 and 2012 is as follows:

	Year ended December 31,				
(Dollars in thousands)	2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Net interest income (1)	$ (33)	$ (76)	(56.6)%	$ (106)	(28.3)%
Noninterest income (1)	(240,661)	(372,246)	(35.3)	(88,823)	NM
Noninterest expense (1)	18,867	12,714	48.4	11,336	12.2
Carried interest income (2)	7,037	29,342	(76.0)	2,883	NM
Net income attributable to noncontrolling interests	$ (214,790)	$ (330,266)	(35.0)	$ (74,710)	NM

NM—Not meaningful
(1) Represents noncontrolling interests’ share in net interest income, noninterest income and noninterest expense.
(2) Represents the preferred allocation of income (or change in income) earned by us as the general partner of certain consolidated funds.

Net income attributable to noncontrolling interests was $214.8 million in 2014, compared to $330.3 million in 2013. Net income attributable to noncontrolling interests of $214.8 million for 2014 was primarily a result of the following:

- Net gains on investment securities (including carried interest) attributable to noncontrolling interests of $236.3 million ($243.3 million excluding carried interest) primarily from gains of $239.6 million from our managed funds of funds primarily due to unrealized valuation increases from IPO, M&A activity and other valuation increases across the portfolio, partially offset by losses of $3.3 million from our managed direct venture funds. See "Results of Operations—Noninterest Income—Gains on Investment Securities, Net". The decrease of $22.3 million in carried interest income primarily reflects

overall lower net gains on investment securities as the price per share of FireEye's common stock decreased during the year, and

- Noninterest expense of $18.9 million, primarily related to management fees paid by the noncontrolling interests to our subsidiaries that serve as the general partner.

Net income attributable to noncontrolling interests was $330.3 million in 2013, compared to $74.7 million in 2012. Net income attributable to noncontrolling interests of $330.3 million for 2013 was primarily a result of the following:

- Net gains on investment securities (including carried interest) attributable to noncontrolling interests of $342.1 million ($371.5 million excluding carried interest) primarily from gains of $154.7 million from our managed funds of funds and $187.4 million from our managed direct venture funds primarily related to the increase in FireEye valuation. See "Results of Operations—Noninterest Income—Gains on Investment Securities, Net". The increase of $26.5 million in carried interest income, to $29.3 million in 2013 compared to $2.9 million in 2012, also primarily reflects the impact of the increase in FireEye valuations in our managed direct funds, and
- Noninterest expense of $12.7 million, primarily related to management fees paid by the noncontrolling interests to our subsidiaries that serve as the general partner.

Net income attributable to noncontrolling interests was $74.7 million in 2012, compared to $110.9 million in 2011. Net income attributable to noncontrolling interests of $74.7 million for 2012 was primarily a result of the following:

- Net gains on investment securities (including carried interest) attributable to noncontrolling interests of $85.6 million ($88.5 million excluding carried interest) primarily from gains of $40.8 million from our managed funds of funds and $44.8 million from our managed direct venture funds, and
- Noninterest expense of $11.3 million, primarily related to management fees paid by the noncontrolling interests to our subsidiaries that serve as the general partner.

Income Taxes

Our effective income tax expense rate was 39.7 percent in 2014, compared to 39.2 percent in 2013 and 39.3 percent in 2012. The increase in the tax rate in 2014 was primarily attributable to a tax liability incurred on foreign unremitted earnings as a result of the pending sale of SVBIF, partially offset by higher tax credits from our tax advantaged investments. The decrease in the tax rate in 2013 was primarily attributable to lower state taxes offset by a one-time prior period tax expense adjustment of $2.9 million.

Our effective tax rate is calculated by dividing income tax expense by the sum of income before income tax expense and the net income attributable to noncontrolling interests.

Operating Segment Results

We have three segments for which we report our financial information: Global Commercial Bank, SVB Private Bank and SVB Capital.

We report segment information based on the “management” approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of our reporting segments. Please refer to Note 21—”Segment Reporting” of the “Notes to Consolidated Financial Statements” under Part II, Item 8 in this report for additional details.

The following is our reportable segment information for 2014, 2013 and 2012:

Global Commercial Bank

(Dollars in thousands)	Year ended December 31, 2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Net interest income	$ 742,274	$ 641,384	15.7 %	$ 593,770	8.0%
Provision for loan losses	(58,622)	(65,290)	(10.2)	(45,417)	43.8
Noninterest income	213,084	202,404	5.3	188,821	7.2
Noninterest expense	(510,165)	(429,650)	18.7	(393,151)	9.3
Income before income tax expense	$ 386,571	$ 348,848	10.8	$ 344,023	1.4
Total average loans, net of unearned income	$ 10,286,448	$ 8,401,943	22.4	$ 6,750,951	24.5
Total average assets	30,286,374	21,395,501	41.6	19,557,289	9.4
Total average deposits	27,364,246	19,072,608	43.5	17,574,001	8.5

Income before income tax expense from our Global Commercial Bank ("GCB") increased to $386.6 million in 2014, compared to $348.8 million in 2013 and $344.0 million in 2012, which reflected the continued growth of our core commercial business and clients, with an increase in pressure on overall loan yields as a result of the low interest rate environment and increased competition. The key components of GCB's performance are discussed below:

2014 compared to 2013

Net interest income from GCB increased by $100.9 million in 2014, primarily due to a $62.1 million increase in loan interest income resulting mainly from an increase in average loan balances, partially offset by lower loan yields. Additionally, GCB had a $64.2 million increase in the FTP earned for deposits due to average deposit growth, which were partially offset by a $17.9 million decrease in the FTP earned for deposits from decreases in market interest rates.

GCB had a provision for loan losses of $58.6 million in 2014, compared to $65.3 million in 2013. The provision of $58.6 million was primarily due to net charge-offs and period-end loan growth of $3.5 billion resulting in a provision of $36.6 million, offset by a reduction in reserves of approximately $14.0 million reflective of an increase in the overall credit quality of the loan portfolio and a decrease in impaired loan balances.

Noninterest income increased by $10.7 million in 2014, primarily due to higher foreign exchange fees and credit card fees. The increase was primarily due to increased utilization of foreign currency products by our clients, resulting in an increase in the number of trades and commissioned notional volumes. The increase in credit card fees reflects increased client utilization of our credit card products and custom payment solutions by new and existing clients. Noninterest income was also offset by the $13.9 million impact of the held-for-sale classification of SVBIF.

Noninterest expense increased by $80.5 million in 2014, primarily due to an increase in salaries and wages, net occupancy and professional services expenses. The increase in salaries and wages was primarily due to an increase in the average number of FTEs at GCB, which increased by 123 to 1,467 in 2014, compared to 1,344 in 2013. The increase in average FTEs was attributable to increases in positions for product development, operational and sales and advisory, as well as to support our commercial banking operations and initiatives. The increase in professional services was due to increased activities to support our expansion of product offerings as well as our continued investment into ongoing business and IT infrastructure initiatives. Net occupancy costs increased due to the impact of lease renewals at higher rates, reflective of market conditions, and the expansion of certain existing offices.

2013 compared to 2012

Net interest income from GCB increased by $47.6 million in 2013, primarily due to a $70.5 million increase in loan interest income resulting mainly from an increase in average loan balances, partially offset by lower loan yields. Additionally, GCB had a $13.0 million increase in the FTP earned for deposits due to average deposit growth, which were partially offset by a $38.7 million decrease in the FTP earned for deposits from decreases in market interest rates.

GCB had a provision for loan losses of $65.3 million in 2013, compared to $45.4 million in 2012. The provision of $65.3 million was primarily due to net charge-offs and period-end loan growth of $2.0 billion resulting in a provision of $21.9 million.

Noninterest income increased by $13.6 million in 2013, primarily due to higher credit card fees and foreign exchange fees. The increase in credit card fees reflect increased client awareness of our credit card products and the introduction of custom payment solutions, which has resulted in new credit card clients and an increase in client activity. Custom payment solutions

primarily utilize virtual cards for clients with high volume payment processing needs. The increase in foreign exchange fees was primarily due to improved business conditions for our clients, which has resulted in an increase in the number of trades and commissioned notional volumes.

Noninterest expense increased by $36.5 million in 2013, primarily due to increases in compensation and benefits and premises and equipment expenses. Incentive compensation increased primarily from the increase in average FTEs. Higher compensation and benefits expenses were attributable to increased incentive plan and salaries and wages expenses. The increase in our incentive plan expenses was primarily related to our strong performance in 2013, which we exceeded internal performance targets. The increase in salaries and wages was primarily due to an increase in the average number of FTEs at GCB, which increased by 83 to 1,344 in 2013, compared to 1,261 in 2012. The increase in average FTEs was attributable to increases in positions for product development, operational and sales and advisory, as well as to support our commercial banking operations and initiatives. The increase in premises and equipment was primarily due to increased spending to enhance and maintain our IT infrastructure.

SVB Private Bank

	Year ended December 31,				
(Dollars in thousands)	2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Net interest income	$ 31,427	$ 26,701	17.7 %	$ 21,807	22.4%
(Provision for) reduction of loan losses	(864)	1,597	(154.1)	1,087	46.9
Noninterest income	1,494	1,209	23.6	681	77.5
Noninterest expense	(10,571)	(9,195)	15.0	(7,388)	24.5
Income before income tax expense	$ 21,486	$ 20,312	5.8	$ 16,187	25.5
Total average loans, net of unearned income	$ 1,157,024	$ 919,831	25.8	$ 758,471	21.3
Total average assets	1,150,835	955,441	20.5	759,251	25.8
Total average deposits	890,062	524,398	69.7	313,836	67.1

Income before income tax expense from SVB Private Bank increased to $21.5 million in 2014, compared to $20.3 million in 2013 and $16.2 million in 2012. The key drivers of SVB Private Bank's performance are discussed below:

2014 compared to 2013

Net interest income increased by $4.7 million in 2014, primarily from an increase in loan interest income from an increase in average loan balances and an increase in the FTP earned for deposits due to average deposit growth. These increases were partially offset by a decrease in the overall yield on our Private Bank loan portfolio, reflective of the low interest rate environment.

We had a provision for loan losses from SVB Private Bank of $0.9 million in 2014, primarily due to period-end loan growth. The reduction of loan losses of $1.6 million in 2013 was primarily due to a decrease in the reserve for impaired loans resulting from lower impaired loan balances.

Noninterest expense increased by $1.4 million in 2014, primarily driven by expenses related to our new Wealth Advisory practice.

2013 compared to 2012

Net interest income increased by $4.9 million in 2013, primarily from an increase in loan interest income from an increase in average loan balances and an increase in the FTP earned for deposits due to average deposit growth. These increases were partially offset by a decrease in the overall yield on our Private Bank loan portfolio, reflective of the low interest rate environment.

Noninterest expense increased by $1.8 million in 2013, primarily due to increased incentive plan expenses due to our strong performance in 2013, which exceeded internal performance targets.

SVB Capital

(Dollars in thousands)	Year ended December 31, 2014	2013	% Change 2014/2013	2012	% Change 2013/2012
Net interest income	$ 58	$ 20	190.0 %	$ 15	33.3 %
Noninterest income	58,058	75,037	(22.6)	27,435	173.5
Noninterest expense	(12,668)	(10,737)	18.0	(11,263)	(4.7)
Income before income tax expense	$ 45,448	$ 64,320	(29.3)	$ 16,187	NM
Total average assets	$ 320,129	$ 289,328	10.6	$ 239,335	20.9

NM—Not meaningful

SVB Capital's components of noninterest income primarily include net gains and losses on non-marketable and other securities, carried interest and fund management fees. All components of income before income tax expense discussed below are net of noncontrolling interests.

We experience variability in the performance of SVB Capital from period to period due to a number of factors, including changes in the values of our funds' underlying investments, changes in the amount of distributions and general economic and market conditions. Such variability may lead to volatility in the gains and losses from investment securities and cause our results to differ from period to period.

Income before income tax expense from SVB Capital was $45.4 million in 2014, compared to $64.3 million in 2013 and $16.2 million in 2012, which reflects significant gains from our managed funds. The key drivers of SVB Capital's performance are discussed below:

2014 compared to 2013

Noninterest income decreased $17.0 million to $58.1 million in 2014. SVB Capital's components of noninterest income primarily include the following:

- Net gains on investment securities of $43.3 million in 2014, compared to net gains of $62.6 million in 2013. The net gains on investment securities of $43.3 million in 2014 were primarily driven by gains from our strategic and other investments driven by strong distributions from strategic venture capital fund investments and unrealized valuation gains from our managed funds of funds.
- Fund management fees of $13.5 million for 2014, compared to $11.2 million in 2013. Fund management fees increased due to the addition of the Capital Partners III, LP fund in 2014.

2013 compared to 2012

Noninterest income increased $47.6 million to $75.0 million in 2013. SVB Capital's components of noninterest income primarily include the following:

- Net gains on investment securities of $62.6 million in 2013, compared to net gains of $16.2 million in 2012. The net gains on investment securities of $62.6 million in 2013 were primarily driven by unrealized valuation increases and carried interest allocations, related to FireEye and Twitter, from two of our managed direct venture funds.
- Fund management fees of $11.2 million for 2013, compared to $11.1 million in 2012.

Consolidated Financial Condition

Our total assets were $39.3 billion at December 31, 2014, an increase of $12.9 billion, or 48.9 percent, compared to $26.4 billion at December 31, 2013, which increased by $3.7 billion or 16.0 percent, compared to $22.8 billion at December 31, 2012. Below is a summary of the individual components driving the changes in total assets.

Cash and Cash Equivalents

Cash and cash equivalents totaled $1.8 billion at December 31, 2014, an increase of $257 million, or 16.7 percent, compared to $1.5 billion at December 31, 2013.

As of December 31, 2014 and December 31, 2013, $861 million and $715 million, respectively, of our cash and due from banks was deposited at the FRB and was earning interest at the Federal Funds target rate, and interest-earning deposits in other financial institutions were $440 million and $300 million, respectively.

Investment Securities

Investment securities totaled $22.7 billion at December 31, 2014, an increase of $9.1 billion, or 67.1 percent, compared to $13.6 billion at December 31, 2013, which increased by $1.1 billion or 8.4 percent, compared to $12.5 billion at December 31, 2012.

Our investment securities portfolio consists of an available-for-sale securities portfolio and a held-to-maturity securities portfolio, both of which represent interest-earning investment securities, and a non-marketable and other securities portfolio, which primarily represents investments managed as part of our funds management business. The following table presents a profile of our investment securities portfolio at December 31, 2014, 2013 and 2012:

	December 31,		
(Dollars in thousands)	**2014**	**2013**	**2012**
Available-for-sale securities, at fair value:			
U.S. treasury securities	$ 7,302,273	$ —	$ 25,247
U.S. agency debentures	3,561,556	4,345,232	3,447,628
Residential mortgage-backed securities:			
Agency-issued mortgage-backed securities	—	2,473,576	1,473,433
Agency-issued collateralized mortgage obligations—fixed rate	1,884,843	3,325,758	4,103,974
Agency-issued collateralized mortgage obligations—variable rate	784,475	1,186,573	1,772,748
Agency issued commercial mortgage-backed securities	—	564,604	422,098
Municipal bonds and notes	—	86,027	93,529
Equity securities	7,508	5,051	4,520
Total available-for-sale securities	13,540,655	11,986,821	11,343,177
Held-to-maturity securities, at amortized cost:			
U.S. agency debentures	405,899	—	—
Residential mortgage-backed securities:			
Agency-issued mortgage-backed securities	2,799,923	—	—
Agency-issued collateralized mortgage obligations—fixed rate	3,185,109	—	—
Agency-issued collateralized mortgage obligations—variable rate	131,580	—	—
Agency-issued commercial mortgage-backed securities	814,589	—	—
Municipal bonds and notes	83,942	—	—
Total held-to-maturity securities	7,421,042	—	—
Non-marketable and other securities:			
Non-marketable securities (fair value accounting):			
Venture capital and private equity fund investments	1,130,882	862,972	665,921
Other venture capital investments	71,204	32,839	127,091
Other Securities (fair value accounting)	108,251	321,374	—
Non-marketable securities (equity method accounting):			
Other investments	142,674	142,883	139,330
Low income housing tax credit funds	118,650	72,241	70,318
Non-marketable securities (cost method accounting):			
Venture capital and private equity fund investments	140,551	148,994	161,884
Other investments	16,676	14,191	19,721
Total non-marketable and other securities	1,728,888	1,595,494	1,184,265
Total investment securities	$ 22,690,585	$ 13,582,315	$ 12,527,442

Available-for-Sale Securities

Available-for-sale securities were $13.5 billion at December 31, 2014, an increase of $1.5 billion, or 13.0 percent, compared to $12.0 billion at December 31, 2013, which increased by $0.7 billion or 5.7 percent, compared to $11.3 billion at December 31, 2012. The increase in 2014 was primarily due to purchases of new investments of $8.4 billion, partially offset by a $5.4 billion transfer of securities out of our available-for-sale securities portfolio into a held-to-maturity securities portfolio as discussed below, and by paydowns, scheduled maturities and called maturities of $1.6 billion. The purchases of new investments of $8.4 billion were primarily comprised of fixed-rate U.S. Treasury securities. The paydowns, scheduled maturities and called maturities on securities of $1.6 billion were comprised of $1.3 billion in fixed-rate securities and $0.3 billion in variable-rate securities.

The increase in 2013, compared to 2012, was primarily due to purchases of new investments of $3.3 billion, partially offset by paydowns, scheduled maturities and called maturities of $2.4 billion. The purchases of new investments of $3.3 billion were primarily comprised of fixed-rate agency-issued mortgage securities and fixed-rate agency debentures. The paydowns, scheduled maturities and called maturities on securities of $2.4 billion were comprised of $1.8 billion in fixed-rate securities and $0.6 billion in variable-rate securities.

Held-to-Maturity Securities

During the second quarter of 2014, we re-designated certain securities from the classification of “available-for-sale” to “held-to-maturity." The securities re-designated primarily consisted of agency-issued mortgage securities and collateralized mortgage obligations ("CMOs") with a total carrying value of $5.4 billion at June 1, 2014. At the time of re-designation the securities had unrealized gains totaling $22.5 million, net of tax, recorded in accumulated other comprehensive income and are being amortized over the life of the securities in a manner consistent with the amortization of a premium or discount. Our decision to re-designate the securities was based on our ability and intent to hold these securities to maturity. Factors used in assessing the ability to hold these securities to maturity were future liquidity needs and sources of funding.

Held-to-maturity securities were $7.4 billion at December 31, 2014. In addition to the re-designation noted above during 2014, there were purchases of $2.6 billion, primarily comprised of Government National Mortgage Association ("GNMA") backed securities, as well as paydowns and maturities of $0.6 billion.

Securities classified as held-to-maturity are accounted for at cost with no adjustments for changes in fair value. For securities re-designated as held-to-maturity from available-for-sale, the unrealized gains at the date of transfer will continue to be reported as a separate component of shareholders' equity and amortized as mentioned above.

Portfolio duration is a standard measure used to approximate changes in the market value of fixed income instruments due to a change in market interest rates. The measure is an estimate based on the level of current market interest rates, expectations for changes in the path of forward rates and the effect of forward rates on mortgage prepayment speed assumptions. As such, portfolio duration will fluctuate with changes in market interest rates. Changes in portfolio duration are also impacted by changes in the mix of longer versus shorter term-to-maturity securities. At December 31, 2014, our estimated fixed income securities portfolio duration was 2.8 years, compared to 3.3, and 2.2, years at December 31, 2013 and 2012, respectively.

Non-Marketable and Other Securities

Non-marketable and other securities were $1.7 billion at December 31, 2014, an increase of $133 million, or 8.4 percent, compared to $1.6 billion at December 31, 2013, which increased by $411 million or 34.7 percent, compared to $1.2 billion at December 31, 2012. Included in our non-marketable and other securities carried under fair value accounting are amounts that are attributable to noncontrolling interests. We are required under GAAP to consolidate 100 percent of these investments that we are deemed to control, even though we may own less than 100 percent of such entities. See below for a summary of the carrying value (as reported) of non-marketable and other securities compared to the amounts attributable to SVBFG.

The increase in non-marketable and other securities of $133 million in 2014 was primarily related to the following:

- Gains of $262 million from our managed funds of funds, primarily related to unrealized valuation increases from IPO, M&A activity and other valuation increases across the managed funds of funds portfolio.
- Gains of $26 million from our strategic and other investments, primarily driven by strong distributions from our strategic venture capital fund investments.
- Partially offset by net sales and distributions of $140 million across our non-marketable and other securities portfolio.

The increase in non-marketable and other securities of $411 million in 2013 was primarily related to the following:

- Gains of $230 million from our managed direct venture funds, driven by the continued strong stock performance of successful portfolio company IPOs during the year.

- Gains of $170 million from our managed funds of funds, primarily related to unrealized valuation increases from IPO, M&A activity and other valuation increases across the portfolio.

The following table summarizes the carrying value (as reported) of non-marketable and other securities compared to the amounts attributable to SVBFG (which generally represents the carrying value times our ownership percentage) at December 31, 2014, 2013 and 2012:

	December 31,					
	2014		2013		2012	
(Dollars in thousands)	Carrying value (as reported)	Amount attributable to SVBFG	Carrying value (as reported)	Amount attributable to SVBFG	Carrying value (as reported)	Amount attributable to SVBFG
Non-marketable securities (fair value accounting):						
Venture capital and private equity fund investments (1)	$ 1,130,882	$ 84,368	$ 862,972	$ 76,505	$ 665,921	$ 75,893
Other venture capital investments (2)	71,204	1,823	32,839	2,097	127,091	8,962
Other securities (fair value accounting) (3)	108,251	7,802	321,374	23,058	—	—
Non-marketable securities (equity method accounting):						
Other investments	142,674	142,674	142,883	142,883	139,330	139,330
Low income housing tax credit funds	118,650	118,650	72,241	72,241	70,318	70,318
Non-marketable securities (cost method accounting):						
Venture capital and private equity fund investments	140,551	140,551	148,994	148,994	161,884	161,884
Other investments	16,676	16,676	14,191	14,191	19,721	19,721
Total non-marketable and other securities	$ 1,728,888	$ 512,544	$ 1,595,494	$ 479,969	$ 1,184,265	$ 476,108

(1) The following table shows the amounts of venture capital and private equity fund investments held by the following consolidated funds and amounts attributable to SVBFG for each fund at December 31, 2014, 2013 and 2012:

	December 31,					
	2014		2013		2012	
(Dollars in thousands)	Carrying value (as reported)	Amount attributable to SVBFG	Carrying value (as reported)	Amount attributable to SVBFG	Carrying value (as reported)	Amount attributable to SVBFG
SVB Strategic Investors Fund, LP	$ 24,645	$ 3,096	$ 29,104	$ 3,656	$ 32,850	$ 4,126
SVB Strategic Investors Fund II, LP	97,250	8,336	96,185	8,244	91,294	7,825
SVB Strategic Investors Fund III, LP	269,821	15,841	260,272	15,280	209,696	12,311
SVB Strategic Investors Fund IV, LP	291,291	14,564	226,729	11,337	169,931	8,497
Strategic Investors Fund V Funds	226,111	350	118,181	184	40,622	112
Strategic Investors Fund VI Funds	89,605	—	7,944	12	—	—
SVB Capital Preferred Return Fund, LP	62,110	13,386	59,028	12,722	53,643	12,652
SVB Capital—NT Growth Partners, LP	61,973	21,006	61,126	21,339	60,120	23,842
SVB Capital Partners II, LP	302	15	708	36	1,303	66
Other private equity fund	7,774	7,774	3,695	3,695	6,462	6,462
Total venture capital and private equity fund investments	$ 1,130,882	$ 84,368	$ 862,972	$ 76,505	$ 665,921	$ 75,893

(2) The following table shows the amounts of other venture capital investments held by the following consolidated funds and amounts attributable to SVBFG for each fund at December 31, 2014, 2013 and 2012:

	December 31,					
	2014		2013		2012	
(Dollars in thousands)	Carrying value (as reported)	Amount attributable to SVBFG	Carrying value (as reported)	Amount attributable to SVBFG	Carrying value (as reported)	Amount attributable to SVBFG
Silicon Valley BancVentures, LP	$ 3,291	$ 352	$ 6,564	$ 702	$ 43,493	$ 4,652
SVB Capital Partners II, LP	20,481	1,040	22,684	1,152	79,761	4,051
Capital Partners III, LP	41,055	—	—	—	—	—
SVB Capital Shanghai Yangpu Venture Capital Fund	6,377	431	3,591	243	3,837	259
Total other venture capital investments	$ 71,204	$ 1,823	$ 32,839	$ 2,097	$ 127,091	$ 8,962

(3) Investments classified as other securities (fair value accounting) represent direct equity investments in public companies held by our consolidated funds. At December 31, 2014, the amount primarily includes total unrealized gains of $75 million in one public company, FireEye. The extent to which any unrealized gains (or losses) will become realized is subject to a variety of factors, including, among other things, changes in prevailing market prices and the timing of any sales or distribution of securities and may also be constrained by lock-up agreements. None of the FireEye related investments currently are subject to a lock-up agreement.

Loans

The following table details the composition of the loan portfolio, net of unearned income, as of the five most recent year-ends:

	December 31,				
(Dollars in thousands)	2014	2013	2012	2011	2010
Commercial loans:					
Software and internet (1)	$ 4,954,676	$ 4,102,636	$ 3,261,489	$ 2,492,849	$ 1,820,680
Hardware (1)	1,131,006	1,213,032	1,118,370	952,303	641,052
Private equity/venture capital	4,582,906	2,386,054	1,732,699	1,117,419	1,036,201
Life science & healthcare (1)	1,289,904	1,170,220	1,066,199	863,737	575,944
Premium wine	187,568	149,841	143,511	130,245	144,972
Other (1)	234,551	288,904	315,453	342,147	375,928
Total commercial loans	12,380,611	9,310,687	7,637,721	5,898,700	4,594,777
Real estate secured loans:					
Premium wine (2)	606,753	514,993	413,513	345,988	312,255
Consumer loans (3)	1,118,115	873,255	685,300	534,001	361,704
Other	39,651	30,743	—	—	—
Total real estate secured loans	1,764,519	1,418,991	1,098,813	879,989	673,959
Construction loans (4)	78,626	76,997	65,742	30,256	60,178
Consumer loans	160,520	99,711	144,657	161,137	192,823
Total loans, net of unearned income (5)(6)	$ 14,384,276	$ 10,906,386	$ 8,946,933	$ 6,970,082	$ 5,521,737

(1) Because of the diverse nature of energy and resource innovation products and services, for our loan-related reporting purposes, ERI-related loans are reported under our hardware, software and internet, life science & healthcare and other commercial loan categories, as applicable.
(2) Included in our premium wine portfolio are gross construction loans of $112 million, $112 million, $148 million, $111 million and $119 million at December 31, 2014, 2013, 2012, 2011 and 2010, respectively.
(3) Consumer loans secured by real estate at December 31, 2014, 2013, 2012, 2011 and 2010 were comprised of the following:

(Dollars in thousands)	December 31, 2014	2013	2012	2011	2010
Loans for personal residence	$ 918,629	$ 685,327	$ 503,378	$ 350,359	$ 189,039
Loans to eligible employees	133,568	121,548	110,584	99,704	88,510
Home equity lines of credit	65,918	66,380	71,338	83,938	84,155
Consumer loans secured by real estate	$ 1,118,115	$ 873,255	$ 685,300	$ 534,001	$ 361,704

(4) Construction loans consist of low income housing loans made to fulfill our responsibilities under the Community Reinvestment Act and are primarily secured by real estate.
(5) Unearned income, net of deferred costs, was $104 million, $89 million, $77 million, $60 million and $46 million in 2014, 2013, 2012, 2011 and 2010, respectively.
(6) Included within our total loan portfolio are credit card loans of $131 million, $85 million, $64 million, $50 million and $33 million at December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

We saw an increase primarily in commercial loans from December 31, 2013 to December 31, 2014 in our private equity/venture capital and software and internet industry segments, with particularly strong growth in sponsor-led buyouts by later stage clients in our software and internet portfolio, as well as from capital call lines of credit for our private equity/venture capital clients.

Loan Concentration

Loan concentrations may exist when there are borrowers engaged in similar activities or types of loans extended to a diverse group of borrowers that could cause those borrowers or portfolios to be similarly impacted by economic or other conditions. A substantial percentage of our loans are commercial in nature. The breakdown of total gross loans and total loans as a percentage of gross loans by industry sector is as follows:

	December 31,			
	2014		2013	
(Dollars in thousands)	Amount	Percentage	Amount	Percentage
Commercial loans:				
Software and internet	$ 4,996,246	34.5%	$ 4,141,358	37.7%
Hardware	1,140,494	7.9	1,224,480	11.1
Private equity/venture capital	4,621,299	31.9	2,408,426	21.9
Life science & healthcare	1,300,727	9.0	1,181,266	10.7
Premium wine	189,142	1.3	151,255	1.4
Other	236,519	1.6	291,630	2.7
Commercial loans	12,484,427	86.2	9,398,415	85.5
Real estate secured loans:				
Premium wine	607,507	4.2	515,942	4.7
Consumer loans	1,117,661	7.7	873,070	7.9
Other	39,983	0.3	31,033	0.3
Real estate secured loans	1,765,151	12.2	1,420,045	12.9
Construction loans	78,851	0.5	77,165	0.7
Consumer loans	160,337	1.1	99,643	0.9
Total gross loans	$ 14,488,766	100.0%	$ 10,995,268	100.0%

The following table provides a summary of gross loans by size and category. The breakout of the categories is based on total client balances (individually or in the aggregate) as of December 31, 2014:

	December 31, 2014					
(Dollars in thousands)	Less than Five Million	Five to Ten Million	Ten to Twenty Million	Twenty to Thirty Million	Thirty Million or More	Total
Commercial loans:						
Software and internet	$ 1,214,082	$ 670,212	$ 1,174,410	$ 917,546	$ 1,019,996	$ 4,996,246
Hardware	204,513	226,135	240,039	146,826	322,981	1,140,494
Private equity/venture capital	426,985	445,677	677,568	568,743	2,502,326	4,621,299
Life science & healthcare	340,214	238,585	284,618	216,805	220,505	1,300,727
Premium wine	77,409	38,413	45,222	28,098	—	189,142
Other	101,779	42,906	36,904	23,235	31,695	236,519
Commercial loans	2,364,982	1,661,928	2,458,761	1,901,253	4,097,503	12,484,427
Real estate secured loans:						
Premium wine	151,314	169,719	205,692	80,782	—	607,507
Consumer loans	977,747	139,914	—	—	—	1,117,661
Other	—	6,000	11,250	22,733	—	39,983
Real estate secured loans	1,129,061	315,633	216,942	103,515	—	1,765,151
Construction loans	14,069	24,194	40,588	—	—	78,851
Consumer loans	65,326	22,593	16,418	20,000	36,000	160,337
Total gross loans	$ 3,573,438	$ 2,024,348	$ 2,732,709	$ 2,024,768	$ 4,133,503	$ 14,488,766

At December 31, 2014, gross loans equal to or greater than $20 million to any single client (individually or in the aggregate) totaled $6.2 billion, or 42.5 percent of our portfolio. These loans represented 170 clients, and of these loans, $28 million were on nonaccrual status as of December 31, 2014.

The following table provides a summary of gross loans by size and category. The breakout of the categories is based on total client balances (individually or in the aggregate) as of December 31, 2013:

	December 31, 2013					
(Dollars in thousands)	Less than Five Million	Five to Ten Million	Ten to Twenty Million	Twenty to Thirty Million	Thirty Million or More	Total
Commercial loans:						
Software and internet	$ 1,031,179	$ 647,060	$ 905,815	$ 832,375	$ 724,929	$ 4,141,358
Hardware	280,794	205,705	187,140	235,973	314,868	1,224,480
Private equity/venture capital	328,073	248,787	371,980	201,193	1,258,393	2,408,426
Life science & healthcare	332,991	262,420	249,749	122,426	213,680	1,181,266
Premium wine	77,431	24,667	24,810	24,347	—	151,255
Other	131,351	48,698	—	76,581	35,000	291,630
Commercial loans	2,181,819	1,437,337	1,739,494	1,492,895	2,546,870	9,398,415
Real estate secured loans:						
Premium wine	136,748	128,291	146,439	73,594	30,870	515,942
Consumer loans	760,693	82,545	9,832	20,000	—	873,070
Other	2,500	5,000	—	23,533	—	31,033
Real estate secured loans	899,941	215,836	156,271	117,127	30,870	1,420,045
Construction loans	16,432	48,359	12,374	—	—	77,165
Consumer loans	46,019	20,022	600	3,003	29,999	99,643
Total gross loans	$ 3,144,211	$ 1,721,554	$ 1,908,739	$ 1,613,025	$ 2,607,739	$ 10,995,268

At December 31, 2013, gross loans equal to or greater than $20 million to any single client (individually or in the aggregate) totaled $4.2 billion, or 38.4 percent of our portfolio. These loans represented 122 clients, and of these loans, none were on nonaccrual status as of December 31, 2013.

The credit profile of our clients varies across our loan portfolio, based on the nature of the lending we do for different market segments. Our technology and life science & healthcare loan portfolio includes loans to clients at all stages of their life cycles, beginning with our SVB Accelerator practice, which serves our emerging or early-stage clients. Loans provided to early-stage clients represent a relatively small percentage of our overall portfolio at approximately 7.9 percent of total gross loans at December 31, 2014 and 9.2 percent at December 31, 2013. Typically, these loans are made to companies with modest or negative cash flows and no established record of profitable operations. Repayment of these loans may be dependent upon receipt by borrowers of additional equity financing from venture capitalists or others, or in some cases, a successful sale to a third party or a public offering. Venture capital firms may provide financing at lower levels, more selectively or on less favorable terms, which may have an adverse effect on our borrowers that are otherwise dependent on such financing to repay their loans to us. When repayment is dependent upon the next round of venture investment and there is an indication that further investment is unlikely or will not occur, it is often likely the company would need to be sold to repay its debt in full. If reasonable efforts have not yielded a likely buyer willing to repay all debt at the close of the sale or on commercially viable terms, the account will most likely be deemed to be impaired.

At December 31, 2014, our lending to private equity/venture capital firms represented 31.9 percent of total gross loans, compared to 21.9 percent of total gross loans at December 31, 2013. Many of these clients have capital call lines of credit, the repayment of which is dependent on the payment of capital calls by the underlying limited partner investors in the funds managed by these firms.

At December 31, 2014, sponsor-led buyout loans represented 13.2 percent of total gross loans, compared to 12.5 percent of total gross loans at December 31, 2013. These loans are typically larger in nature and repayment is generally dependent upon the cash flows of the acquired company. However, these loans are typically highly-secured and therefore carry lower credit risk.

At December 31, 2014, our asset-based lending, which consists primarily of working capital lines and accounts receivable factoring represented 7.1 percent and 3.8 percent, respectively, of total gross loans, compared to 7.3 percent and 4.2 percent, respectively at December 31, 2013. The repayment of these arrangements is dependent on the financial condition, and payment ability, of third parties with whom our clients do business.

Approximately 34.5 percent of our outstanding total gross loan balances as of December 31, 2014 were to borrowers based in California compared to 39.7 percent as of December 31, 2013. Other than California, there were no states where our borrowers were based with balances greater than 10 percent.

As of December 31, 2014, 83.9 percent, or $12.2 billion, of our outstanding total gross loans were variable-rate loans that adjust at a prescribed measurement date upon a change in our prime-lending rate or other variable indices, compared to 78.4 percent, or $8.6 billion, as of December 31, 2013. The following table sets forth the remaining contractual maturity distribution of our gross loans by industry sector at December 31, 2014, for fixed and variable rate loans:

(Dollars in thousands)	Remaining Contractual Maturity of Gross Loans			
	One Year or Less	After One Year and Through Five Years	After Five Years	Total
Fixed rate loans:				
Commercial loans:				
Software and internet	$ 110,308	$ 488,450	$ —	$ 598,758
Hardware	41,106	84,254	—	125,360
Private equity/venture capital	5,697	100,979	1,110	107,786
Life science & healthcare	37,549	555,642	—	593,191
Premium wine	2,084	5,444	2,147	9,675
Other	63,082	16,725	—	79,807
Total commercial loans	259,826	1,251,494	3,257	1,514,577
Real estate secured loans:				
Premium wine	806	119,996	338,675	459,477
Consumer loans	4,057	63,643	185,292	252,992
Other	—	—	22,733	22,733
Total real estate secured loans	4,863	183,639	546,700	735,202
Construction loans	53,321	15,949	3,502	72,772
Consumer loans	5,923	7,010	—	12,933
Total fixed-rate loans	$ 323,933	$ 1,458,092	$ 553,459	$ 2,335,484
Variable-rate loans:				
Commercial loans:				
Software and internet	$ 926,889	$ 3,364,096	$ 106,503	$ 4,397,488
Hardware	361,913	653,221	—	1,015,134
Private equity/venture capital	2,800,540	1,687,419	25,554	4,513,513
Life science & healthcare	82,553	624,983	—	707,536
Premium wine	115,630	62,108	1,729	179,467
Other	75,128	58,349	23,235	156,712
Total commercial loans	4,362,653	6,450,176	157,021	10,969,850
Real estate secured loans:				
Premium wine	28,547	51,146	68,337	148,030
Consumer loans	17,385	30,434	816,850	864,669
Other	—	17,250	—	17,250
Total real estate secured loans	45,932	98,830	885,187	1,029,949
Construction loans	6,051	28	—	6,079
Consumer loans	64,974	74,904	7,526	147,404
Total variable-rate loans	$ 4,479,610	$ 6,623,938	$ 1,049,734	$ 12,153,282
Total gross loans	$ 4,803,543	$ 8,082,030	$ 1,603,193	$ 14,488,766

Upon maturity, loans satisfying our credit quality standards may be eligible for renewal. Such renewals are subject to the normal underwriting and credit administration practices associated with new loans. We do not grant loans with unconditional extension terms.

Loan Administration

The Credit Committee of our Board of Directors oversees our credit risks and strategies, as well as our key credit policies and lending practices.

Subject to the oversight of the Credit Committee, lending authority is delegated to the Chief Credit Officer and our management's Loan Committee, which consists of the Chief Credit Officer and other senior members of our lending management. Requests for new and existing credit extensions that meet certain size and underwriting criteria may be approved outside of our Loan Committee by designated senior lenders or jointly with a senior credit officer or division risk manager.

Credit Quality Indicators

As of December 31, 2014, our criticized and impaired loans represented 5.2 percent of our total gross loans. This compares to 5.7 percent at December 31, 2013. A majority of our criticized loans are from our SVB Accelerator portfolio, serving our emerging or early stage clients. Loans to early stage clients make up approximately 7.9 percent of our loan portfolio. It is common for an emerging early stage client's remaining liquidity to fall temporarily below the threshold for a pass-rated credit during its capital-raising period for a new round of funding. This situation typically lasts only a few weeks and, in our experience, generally resolves itself with a subsequent round of venture funding. As a result, we expect that each of our early-stage clients will be managed through our criticized portfolio during a portion of their life cycle. Criticized loan levels will continue to vary but are expected to remain within the current range.

Credit Quality and Allowance for Loan Losses

The following table presents a summary of the activity for the allowance for loan losses as of the five most recent year-ends:

	Year ended December 31,				
(Dollars in thousands)	**2014**	**2013**	**2012**	**2011**	**2010**
Allowance for loan losses balance, beginning of year	$ 142,886	$ 110,651	$ 89,947	$ 82,627	$ 72,450
Charge-offs:					
Commercial loans:					
Software and internet	(21,031)	(8,861)	(4,316)	(10,252)	(16,230)
Hardware	(15,265)	(18,819)	(20,247)	(4,828)	(10,568)
Life science & healthcare	(2,951)	(6,010)	(5,080)	(4,201)	(17,629)
Premium wine	(35)	—	(584)	(449)	(1,457)
Other	(3,886)	(8,107)	(2,485)	(3,954)	(4,866)
Total commercial loans	(43,168)	(41,797)	(32,712)	(23,684)	(50,750)
Consumer loans	—	(869)	(607)	(220)	(489)
Total charge-offs	(43,168)	(42,666)	(33,319)	(23,904)	(51,239)
Recoveries:					
Commercial loans:					
Software and internet	1,425	1,934	4,874	11,659	5,838
Hardware	2,238	2,677	1,107	455	5,715
Life science & healthcare	374	1,860	334	6,644	3,738
Premium wine	240	170	650	1,223	222
Other	1,499	2,995	1,377	471	737
Total commercial loans	5,776	9,636	8,342	20,452	16,250
Consumer loans	379	1,572	1,351	4,671	538
Total recoveries	6,155	11,208	9,693	25,123	16,788
Provision for loan losses	59,486	63,693	44,330	6,101	44,628
Allowance for loan losses balance, end of year	$ 165,359	$ 142,886	$ 110,651	$ 89,947	$ 82,627

The following table summarizes the allocation of the allowance for loan losses among specific classes of loans as of the five most recent year-ends:

	December 31,									
	2014		2013		2012		2011		2010	
(Dollars in thousands)	ALLL Amount	Loans as Percent of Total Loans (1)	ALLL Amount	Loans as Percent of Total Loans (1)	ALLL Amount	Loans as Percent of Total Loans (1)	ALLL Amount	Loans as Percent of Total Loans (1)	ALLL Amount	Loans as Percent of Total Loans (1)
Commercial loans:										
Software and internet	$ 80,981	34.5%	$ 64,084	37.7%	$ 42,648	36.5%	$ 38,263	35.8%	$ 29,288	33.0%
Hardware	25,860	7.9	36,553	11.1	29,761	12.5	16,810	13.7	14,688	11.6
Private equity/venture capital	27,997	31.9	16,385	21.9	9,963	19.4	7,319	16.1	8,241	18.8
Life science & healthcare	15,208	9.0	11,926	10.7	13,606	11.9	10,243	12.4	9,077	10.5
Premium wine	4,473	5.5	3,914	6.1	3,523	6.2	3,914	6.8	5,492	8.2
Other	3,253	2.4	3,680	3.7	3,912	4.3	5,817	5.3	5,318	7.9
Total commercial loans	157,772	91.2	136,542	91.2	103,413	90.8	82,366	90.1	72,104	90.0
Consumer loans	7,587	8.8	6,344	8.8	7,238	9.2	7,581	9.9	10,523	10.0
Total	$ 165,359	100.0%	$ 142,886	100.0%	$ 110,651	100.0%	$ 89,947	100.0%	$ 82,627	100.0%

(1) Represents loan category as a percentage of total gross loans as of year-end.

Nonperforming Assets

Nonperforming assets consist of loans on nonaccrual status, loans past due 90 days or more still accruing interest, and Other Real Estate Owned ("OREO") and other foreclosed assets. We measure all loans placed on nonaccrual status for impairment based on the fair value of the underlying collateral or the net present value of the expected cash flows. The table below sets forth certain data and ratios between nonperforming loans, nonperforming assets and the allowance for loan losses:

	December 31,				
(Dollars in thousands)	**2014**	**2013**	**2012**	**2011**	**2010**
Gross nonperforming, past due, and restructured loans:					
Impaired loans	$ 38,137	$ 51,649	$ 38,279	$ 36,617	$ 39,426
Loans past due 90 days or more still accruing interest	1,302	99	19	—	44
Total nonperforming loans	39,439	51,748	38,298	36,617	39,470
OREO and other foreclosed assets	561	1,001	—	—	—
Total nonperforming assets	$ 40,000	$ 52,749	$ 38,298	$ 36,617	$ 39,470
Performing TDRs	$ 587	$ 403	$ 734	$ 2,100	$ —
Nonperforming loans as a percentage of total gross loans	0.27%	0.47%	0.42%	0.52%	0.71%
Nonperforming assets as a percentage of total assets	0.10	0.20	0.17	0.18	0.22
Allowance for loan losses	$ 165,359	$ 142,886	$ 110,651	$ 89,947	$ 82,627
As a percentage of total gross loans	1.14%	1.30%	1.23%	1.28%	1.48%
As a percentage of total gross nonperforming loans	419.28	276.12	288.92	245.64	209.34
Allowance for loan losses for impaired loans	$ 15,051	$ 21,277	$ 6,261	$ 3,707	$ 6,936
As a percentage of total gross loans	0.10%	0.19%	0.07%	0.05%	0.12%
As a percentage of total gross nonperforming loans	38.16	41.12	16.35	10.12	17.57
Allowance for loan losses for total gross performing loans	$ 150,308	$ 121,609	$ 104,390	$ 86,240	$ 75,691
As a percentage of total gross loans	1.04%	1.11%	1.16%	1.23%	1.36%
As a percentage of total gross performing loans	1.04	1.11	1.16	1.23	1.37
Total gross loans	$ 14,488,766	$ 10,995,268	$ 9,024,248	$ 7,030,321	$ 5,567,205
Total gross performing loans	14,449,327	10,943,520	8,985,950	6,993,704	5,527,735
Reserve for unfunded credit commitments (1)	36,419	29,983	22,299	21,811	17,414
As a percentage of total unfunded credit commitments	0.25%	0.26%	0.26%	0.27%	0.25%
Total unfunded credit commitments (2)	$ 14,705,785	$ 11,470,722	$ 8,610,791	$ 8,067,570	$ 6,918,689

(1) The "Reserve for unfunded credit commitments" is included as a component of other liabilities. See "Provision for Unfunded Credit Commitments" above for a discussion of the changes to the reserve.

(2) Includes unfunded loan commitments and letters of credit.

Nonaccrual Loans

The following table presents a detailed composition of nonaccrual loans by industry sector as of the five most recent year-ends:

	December 31,				
(Dollars in thousands)	2014	2013	2012	2011	2010
Commercial loans:					
Software and internet	$ 33,287	$ 27,618	$ 3,263	$ 1,142	$ 3,292
Hardware	2,521	19,667	21,863	5,183	3,824
Private equity/venture capital	—	40	—	—	—
Life science & healthcare	475	1,278	—	311	3,412
Premium wine	1,304	1,442	4,398	3,212	6,162
Other	233	690	5,415	5,353	2,177
Total commercial loans	37,820	50,735	34,939	15,201	18,867
Consumer loans:					
Real estate secured loans	192	244	2,239	18,283	20,559
Other consumer loans	125	670	1,101	3,133	—
Total consumer loans	317	914	3,340	21,416	20,559
Total nonaccrual loans	$ 38,137	$ 51,649	$ 38,279	$ 36,617	$ 39,426

If the nonaccrual loans for 2014, 2013, 2012, 2011 and 2010 had not been impaired, $1.2 million, $3.5 million, $2.9 million, $3.4 million and $3.1 million, respectively, in interest income would have been recorded.

Accrued Interest Receivable and Other Assets

A summary of accrued interest receivable and other assets at December 31, 2014 and 2013 is as follows:

	December 31,		
(Dollars in thousands)	2014	2013	% Change
Derivative assets, gross (1)	$ 157,990	$ 127,114	24.3 %
Accrued interest receivable	94,180	67,772	39.0
FHLB and Federal Reserve Bank stock	53,496	40,632	31.7
Foreign exchange spot contract assets, gross	51,972	73,423	(29.2)
Net deferred tax assets	49,921	68,237	(26.8)
Accounts receivable	20,092	15,773	27.4
Other assets	131,580	72,159	82.3
Total accrued interest receivable and other assets	$ 559,231	$ 465,110	20.2

(1) See “Derivatives” section below.

Accrued Interest Receivable

The increase of $26.4 million in accrued interest during 2014 is primarily reflective of the strong growth in our fixed-income investment portfolio as well as our increase in net loans. Period-end investment securities, excluding non-marketable and other securities increased by $9.0 billion, or 74.9 percent during 2014. Period-end loan balances were $14.4 billion, an increase of $3.5 billion, or 31.9 percent, when compared to 2013.

Deferred Tax Assets

The decrease of $18.3 million in net deferred tax assets primarily relates to the increase in the fair value of our available-for-sale securities portfolio resulting from decreases in period-end market interest rates.

Foreign Exchange Spot Contract Assets

Foreign exchange spot contract assets represent unsettled client trades at the end of the period. The decrease of $21.5 million was primarily due to decreased client trade activity at period-end.

Other Assets

The $59.4 million increase in other assets is primarily due to reclassification of the assets of SVBIF to held-for-sale, which amounted to $44.3 million at December 31, 2014. The transaction is expected to close in the first quarter of 2015. For more information, refer to Note 10-"Assets Held for Sale" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report.

Derivatives

Derivative instruments are recorded as a component of other assets and other liabilities on the balance sheet. The following table provides a summary of derivative assets and liabilities, net at December 31, 2014 and 2013:

	December 31,		
(Dollars in thousands)	**2014**	**2013**	**% Change**
Assets:			
Equity warrant assets	$ 116,604	$ 103,513	12.6 %
Foreign exchange forward and option contracts	34,231	15,530	120.4
Interest rate swaps	4,609	6,492	(29.0)
Client interest rate derivatives	2,546	1,265	101.3
Loan conversion options	—	314	(100.0)
Total derivatives assets	$ 157,990	$ 127,114	24.3
Liabilities:			
Foreign exchange forward and option contracts	$ (28,363)	$ (12,617)	124.8
Client interest rate derivatives	(2,748)	(1,396)	96.8
Total derivatives liabilities	$ (31,111)	$ (14,013)	122.0

Equity Warrant Assets

In connection with negotiating credit facilities and certain other services, we often obtain rights to acquire stock in the form of equity warrant assets in primarily private, venture-backed companies in the technology and life science & healthcare industries. At December 31, 2014, we held warrants in 1,478 companies, compared to 1,320 companies at December 31, 2013. The change in fair value of equity warrant assets is recorded in gains on derivatives instruments, net, in noninterest income, a component of consolidated net income. The following table provides a summary of transactions and valuation changes for the years ended December 31, 2014 and 2013:

	Year ended December 31,	
(Dollars in thousands)	**2014**	**2013**
Balance, beginning of period	$ 103,513	$ 74,272
New equity warrant assets	16,073	13,218
Non-cash increases in fair value	42,636	37,835
Exercised equity warrant assets	(44,762)	(21,362)
Terminated equity warrant assets	(856)	(450)
Balance, end of period (1)	$ 116,604	$ 103,513

(1) Of the 1,478 company warrants held as of December 31, 2014, 25 companies made up approximately 35% of the fair value of the portfolio at December 31, 2014.

Foreign Exchange Forward and Foreign Currency Option Contracts

We enter into foreign exchange forward contracts and foreign currency option contracts with clients involved in foreign activities, either as the purchaser or seller, depending upon the clients' need. For each forward or option contract entered into with our clients, we enter into an opposite way forward or option contract with a correspondent bank, which mitigates the risk of fluctuations in currency rates. We also enter into forward contracts with correspondent banks to economically reduce our foreign exchange exposure related to certain foreign currency denominated instruments. Revaluations of foreign currency denominated instruments are recorded on the line item "Other" as part of noninterest income, a component of consolidated net income. We have not experienced nonperformance by any counterparty to such forward or option contracts and therefore have not incurred any related losses. Further, we anticipate performance by all counterparties. Our net exposure for foreign exchange forward and foreign currency option contracts at December 31, 2014 and 2013 amounted to $1.1 million and $2.9 million, respectively. For additional information on our foreign exchange forward contracts and foreign currency option contracts, see Note 13–"Derivative Financial Instruments" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report.

Interest Rate Derivatives

For information on our interest rate derivatives, please refer to Note 13–"Derivative Financial Instruments" of the "Notes to Consolidated Financial Statements" under Part II, Item 8 in this report.

Deposits

The following table presents the composition of our deposits as of December 31, 2014, 2013, and 2012:

	December 31,		
(Dollars in thousands)	**2014**	**2013**	**2012**
Noninterest-bearing demand	$ 24,583,682	$ 15,894,360	$ 13,875,275
Negotiable order of withdrawal (NOW)	254,462	151,746	133,260
Money market	6,186,044	4,373,974	2,969,769
Money market deposits in foreign offices	242,526	181,299	110,915
Sweep deposits in foreign offices	2,948,658	1,657,740	1,932,045
Time	128,127	213,860	155,188
Total deposits	$ 34,343,499	$ 22,472,979	$ 19,176,452

The increase in deposits of $11.9 billion in 2014 was primarily driven by increases in our noninterest-bearing demand, money market deposits, and sweep deposits in foreign offices of $8.7 billion, $1.8 billion, and $1.3 billion, respectively, reflective of growth from new domestic and foreign clients and strong IPO and M&A activity during the year resulting in increased balances from existing clients. No material portion of our deposits has been obtained from a single depositor and the loss of any one depositor would not materially affect our business.

The increase in deposits of $3.3 billion in 2013 was primarily driven by increases in our noninterest-bearing demand and money market deposits of $2.0 billion and $1.4 billion, respectively, reflective of growth from new clients and strong IPO and M&A activity during the year resulting in increased balances from existing clients.

At December 31, 2014, 28.4 percent of our total deposits were interest-bearing deposits, compared to 29.3 percent at December 31, 2013 and 27.6 percent at December 31, 2012.

At December 31, 2014, the aggregate balance of time deposit accounts individually equal to or greater than $100,000 totaled $116 million, compared to $197 million at December 31, 2013 and $133 million at December 31, 2012. At December 31, 2014, all time deposit accounts individually equal to or greater than $100,000 were scheduled to mature within one year. The maturity profile of our time deposits as of December 31, 2014 is as follows:

(Dollars in thousands)	December 31, 2014				
	Three months or less	More than three months to six months	More than six months to twelve months	More than twelve months	Total
Time deposits, $100,000 and over	$ 86,136	$ 10,145	$ 20,079	$ —	$ 116,360
Other time deposits	7,127	2,166	2,474	—	11,767
Total time deposits	$ 93,263	$ 12,311	$ 22,553	$ —	$ 128,127

Short-Term Borrowings

The following table summarizes our short-term borrowings that mature in one month or less:

(Dollars in thousands)	December 31,					
	2014		2013		2012	
	Amount	Rate	Amount	Rate	Amount	Rate
Federal funds purchased	$ —	—%	$ —	—%	$ 160,000	0.07%
Other short-term borrowings	7,781	0.08	5,080	0.08	6,110	0.16
Total short-term borrowings	7,781	0.08	5,080	0.08	166,110	0.07

Average daily balances and maximum month-end balances for our short-term borrowings in 2014, 2013 and 2012 were as follows:

(Dollars in thousands)	Year ended December 31,		
	2014	2013	2012
Average daily balances:			
Federal Funds purchased (1)	$ 167	$ 13,729	$ 30,638
FHLB advances	1,096	7,959	32,036
Securities (purchased) sold under agreements to repurchase	—	(435)	3,341
Other short-term borrowings (2)	5,001	5,765	4,787
Total average short-term borrowings	$ 6,264	$ 27,018	$ 70,802
Maximum month-end balances:			
Federal Funds purchased	$ —	$ 15,000	$ 315,000
FHLB advances	—	—	530,000
Securities (purchased) sold under agreements to repurchase	—	(5,120)	—
Other short-term borrowings	7,781	7,460	6,570

(1) As part of our liquidity risk management practices, we periodically test availability and access to overnight borrowings in the Fed Funds market. These balances represent short-term borrowings.

(2) Represents cash collateral received from certain counterparties in relation to market value exposures of derivative contracts in our favor and our interest rate swap agreement related to our 6.05% Subordinated Notes.

Long-Term Debt

The following table represents outstanding long-term debt at December 31, 2014, 2013 and 2012:

(Dollars in thousands)	Principal value at December 31, 2014	December 31, 2014	2013	2012
5.375% Senior Notes	$ 350,000	$ 348,436	$ 348,209	$ 347,995
6.05% Subordinated Notes	45,964	50,162	51,987	54,571
Junior Subordinated Debentures	50,000	54,845	55,020	55,196
Total long-term debt	$ 445,964	$ 453,443	$ 455,216	$ 457,762

The decrease in our long-term debt in 2014 and 2013 was primarily due to a decrease in the value of the hedge associated with our 6.05% Subordinated Notes.

On January 29, 2015, the Company issued $350 million of 3.5% Senior Notes due in January 2025 (“3.5% Senior Notes”). Refer to Note 25 - "Subsequent Events" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 of this report for further details.

For more information on our long-term debt outstanding at December 31, 2014, please refer to Note 12–“Short-Term Borrowings and Long-Term Debt” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 in this report.

Other Liabilities

A summary of other liabilities at December 31, 2014 and 2013 is as follows:

(Dollars in thousands)	December 31, 2014	2013	% Change
Accrued compensation	$ 120,841	$ 117,134	3.2%
Foreign exchange spot contract liabilities, gross	94,999	90,725	4.7
Reserve for unfunded credit commitments	36,419	29,983	21.5
Derivative liabilities, gross (1)	31,111	14,013	122.0
Other	200,123	152,731	31.0
Total other liabilities	$ 483,493	$ 404,586	19.5

(1) See “Derivatives” section above.

Foreign Exchange Spot Contract Liabilities

Foreign exchange spot contract liabilities represent unsettled client trades at the end of the period. The increase of $4.3 million was primarily due to increased client trade activity at period-end.

Accrued Compensation

Accrued compensation includes amounts for our Incentive Compensation Plan, Direct Drive Incentive Compensation Plan, Retention Program, Warrant Incentive Plan, ESOP/profit sharing and other compensation arrangements. The increase of $3.7 million was primarily the result of larger incentive compensation accruals at December 31, 2014 due to an increase in average FTEs. For a description of our variable compensation plans please refer to Note 16—“Employee Compensation and Benefit Plans” of the “Notes to the Consolidated Financial Statements” under Part II, Item 8 in this report.

Reserve for Unfunded Credit Commitments

Our reserve for unfunded credit commitments increased to $36.4 million at December 31, 2014, compared to $30.0 million at December 31, 2013, due to a $3.2 billion increase in unfunded credit commitments during 2014.

Noncontrolling Interests

Noncontrolling interests totaled $1.2 billion and $1.1 billion at December 31, 2014 and 2013, respectively. The increase of $126 million was primarily due to net income attributable to noncontrolling interests of $215 million for the year ended December 31, 2014, primarily related to valuation increases in our managed funds of funds and $230 million of capital

contributions from investors in our managed funds, partially offset by distributions of $319 million to investors in our managed funds. For more information, refer to Note 2—"Summary of Significant Accounting Policies—Principles of Consolidation and Presentation" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report.

Capital Resources

Our management seeks to maintain adequate capital to support anticipated asset growth, operating needs and unexpected credit risks, and to ensure that SVB Financial and the Bank are in compliance with all regulatory capital guidelines. Our primary sources of new capital include retained earnings and proceeds from the sale and issuance of capital stock or other securities. Our management engages, in consultation with the Finance Committee of our Board of Directors, in a regular capital planning process in an effort to optimize the use of the capital available to us and to appropriately plan for our future capital needs. The capital plan considers capital needs for the foreseeable future and allocates capital to both existing and future business activities. Expected future use or activities for which capital may be set aside include balance sheet growth and associated relative increases in market or credit exposure, investment activity, potential product and business expansions, acquisitions and strategic or infrastructure investments.

SVBFG Stockholders' Equity

SVBFG stockholders' equity totaled $2.8 billion at December 31, 2014, an increase of $851 million, or 43.3 percent compared to $2.0 billion at December 31, 2013. This increase was primarily the result of net income of $264 million in 2014 and an increase in additional-paid-in-capital of $496 million mainly attributable to the $435 million in net proceeds received from our public offering of 4,485,000 shares of common stock during the second quarter of 2014. Additionally, the increase in the net balance of our accumulated other comprehensive income to $43 million from a net loss of $49 million at December 31, 2013, was primarily driven by a $124 million increase in the fair value of our fixed income security portfolios ($74 million net of tax), which resulted from decreases in period-end market interest rates.

Funds generated through retained earnings are a significant source of capital and liquidity and are expected to continue to be so in the future.

Capital Ratios

Regulatory capital ratios for SVB Financial and the Bank exceeded minimum federal regulatory guidelines for a well-capitalized depository institution as of December 31, 2014, 2013 and 2012. See Note 20–"Regulatory Matters" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report for further information. Capital ratios for SVB Financial and the Bank, compared to the minimum regulatory ratios to be considered "well capitalized" and "adequately capitalized", are set forth below:

	December 31,			Minimum ratio to be "Well Capitalized"	Minimum ratio to be "Adequately Capitalized"
	2014	2013	2012		
SVB Financial:					
Total risk-based capital ratio	13.92%	13.13%	14.05%	10.0%	8.0%
Tier 1 risk-based capital ratio	12.91	11.94	12.79	6.0	4.0
Tier 1 leverage ratio	7.74	8.31	8.06	N/A	4.0
Tangible common equity to tangible assets ratio (1)(2)	7.16	7.44	8.04	N/A	N/A
Tangible common equity to risk-weighted assets ratio (1)(2)	12.95	11.63	13.53	N/A	N/A
Bank:					
Total risk-based capital ratio	12.12%	11.32%	12.53%	10.0%	8.0%
Tier 1 risk-based capital ratio	11.09	10.11	11.24	6.0	4.0
Tier 1 leverage ratio	6.64	7.04	7.06	5.0	4.0
Tangible common equity to tangible assets ratio (1)(2)	6.39	6.59	7.41	N/A	N/A
Tangible common equity to risk-weighted assets ratio (1)(2)	11.21	9.87	12.08	N/A	N/A

(1) See below for a reconciliation of non-GAAP tangible common equity to tangible assets and tangible common equity to risk-weighted assets.
(2) The FRB has not issued any minimum guidelines for the tangible common equity to tangible assets ratio or the tangible common equity to risk-weighted assets ratio. However, we believe these ratios provide meaningful supplemental information regarding our capital levels and are therefore provided above.

2014 compared to 2013

Our total risk-based capital (includes tier 1 and tier 2 capital components) and tier 1 risk-based capital ratios for both SVB Financial and the Bank increased compared to December 31, 2013, primarily reflective of growth in retained earnings and our public offering of 4,485,000 shares of common stock during the second quarter of 2014, which resulted in net proceeds of $435 million, of which $400 million was contributed to the Bank and had a positive impact on Bank level capital ratios. The increase in our total risk-based capital ratios and tier 1 risk-based capital ratios reflect the increase in regulatory capital partially offset by the increase in risk-weighted assets during the period, primarily due to growth in our loans and our period-end unfunded commitments. The tier 1 leverage ratio for both SVB Financial and the Bank decreased compared to December 31, 2013 due to the increase in total average assets during the period, primarily due to the significant growth in client deposits that flowed into our investment securities portfolio, cash and loans, which more than offset the increase in regulatory capital. We continue to target a tier 1 leverage ratio for the Bank generally between 7 and 8 percent; though we may, from time to time, manage at levels outside of the target range based on various considerations, including changes in assets or capital mix, market conditions and management's expectations. While we expect our earnings to support a meaningful amount of our deposit growth, we continually evaluate our capital needs to support our growth. All of our capital ratios were above the levels to be considered “well capitalized" under banking regulations during these years.

In January 2015, we completed a public offering of $350,000,000 aggregate principal amount of 3.50% Senior Notes due 2025. Net proceeds from the offering and sale of the Notes was approximately $346 million, after deducting underwriting discounts and commissions and estimated offering expenses. The Company contributed all of the net proceeds to the Bank, which further had a positive impact on Bank level capital ratios.

2013 compared to 2012

Our total risk-based capital (includes tier 1 and tier 2 capital components) and tier 1 risk-based capital ratios for both SVB Financial and the Bank decreased compared to December 31, 2012, reflective of continued growth in risk-weighted assets and the increase in other comprehensive loss due to the decrease in available-for-sale securities valuations at December 31, 2013, partially offset by growth in retained earnings and additional paid-in-capital. The growth in risk-weighted assets was primarily due to the significant growth in our loan balances. Our tier 1 leverage ratio for SVB Financial increased compared to December 31, 2012 due to growth in retained earnings and additional-paid-in-capital, the impact of which was partially offset by continued growth in assets. Our tier 1 leverage ratio for the Bank held relatively flat as our growth in retained earnings matched our growth in assets. All of our capital ratios were above the levels to be considered “well capitalized" during these years.

Non-GAAP Tangible Common Equity to Tangible Assets and Non-GAAP Tangible Common Equity to Risk-weighted Assets

The tangible common equity to tangible assets ratio and the tangible common equity to risk-weighted assets ratios are not required by GAAP or applicable bank regulatory requirements. However, we believe these ratios provide meaningful supplemental information regarding our capital levels. Our management uses, and believes that investors benefit from referring to, these ratios in evaluating the adequacy of the Company’s capital levels; however, this financial measure should be considered in addition to, not as a substitute for or preferable to, comparable financial measures prepared in accordance with GAAP. These ratios are calculated by dividing total SVBFG stockholder’s equity, by total period-end assets and risk-weighted assets, after reducing both amounts by acquired intangibles, if any. The manner in which this ratio is calculated varies among companies. Accordingly, our ratio is not necessarily comparable to similar measures of other companies. The following table provides a reconciliation of non-GAAP financial measures with financial measures defined by GAAP:

Non-GAAP tangible common equity and tangible assets (dollars in thousands, except ratios)	SVB Financial				
	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
GAAP SVBFG stockholders' equity	$ 2,817,762	$ 1,966,270	$ 1,830,555	$ 1,569,392	$ 1,274,350
Less:					
Intangible assets	—	—	—	601	847
Tangible common equity	$ 2,817,762	$ 1,966,270	$ 1,830,555	$ 1,568,791	$ 1,273,503
GAAP Total assets	$ 39,344,640	$ 26,417,189	$ 22,766,123	$ 19,968,894	$ 17,527,761
Less:					
Intangible assets	—	—	—	601	847
Tangible assets	$ 39,344,640	$ 26,417,189	$ 22,766,123	$ 19,968,293	$ 17,526,914
Risk-weighted assets (1)	$ 21,755,091	$ 16,901,501	$ 13,532,984	$ 11,837,902	$ 9,406,677
Non-GAAP tangible common equity to tangible assets	7.16%	7.44%	8.04%	7.86%	7.27%
Non-GAAP tangible common equity to risk-weighted assets	12.95	11.63	13.53	13.25	13.54

Non-GAAP tangible common equity and tangible assets (dollars in thousands, except ratios)	Bank				
	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Tangible common equity	$ 2,404,101	$ 1,639,024	$ 1,591,643	$ 1,346,854	$ 1,074,561
Tangible assets	$ 37,612,663	$ 24,854,119	$ 21,471,111	$ 18,758,813	$ 16,268,589
Risk-weighted assets (1)	$ 21,450,480	$ 16,612,870	$ 13,177,887	$ 11,467,401	$ 9,047,907
Tangible common equity to tangible assets	6.39%	6.59%	7.41%	7.18%	6.61%
Tangible common equity to risk-weighted assets	11.21	9.87	12.08	11.75	11.88

(1) Our risk-weighted assets for 2012 reflect a refinement in our determination of risk rating for certain unfunded credit commitments related to the contractual borrowing base.

2014 compared to 2013

For both SVB Financial and the Bank, the tangible common equity to tangible assets ratios decreased due to increases in tangible assets. The growth in tangible assets exceeded the growth in equity, which primarily was a result of our growth in 2014 in investment securities and period-end loan balances. For both SVB Financial and the Bank, the tangible common equity to risk-weighted assets ratios increased due to increases in total equity, partially offset by increases in risk-weighted assets, which primarily reflects growth in our period-end loan balances.

2013 compared to 2012

For both SVB Financial and the Bank, the tangible common equity to tangible assets and tangible common equity to risk-weighted assets ratios decreased due to increases in tangible and risk weighted assets. For the tangible common equity to tangible assets ratios, the growth in tangible assets exceeded the growth in equity, which primarily was a result of our growth in 2013 in investment securities and period-end loan balances. For the tangible common equity to risk-weighted assets ratios, the growth in risk-weighted assets exceeded the growth in equity, which primarily was a result of our growth in 2013 period-end loan balances.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

In the normal course of business, we use financial instruments with off-balance sheet risk to meet the financing needs of our customers. These financial instruments include commitments to extend credit, commercial and standby letters of credit and commitments to invest in venture capital and private equity fund investments. These instruments involve, to varying degrees, elements of credit risk. Credit risk is defined as the possibility of sustaining a loss because other parties to the financial instrument fail to perform in accordance with the terms of the contract. Please refer to the discussion of our off-balance sheet arrangements in Note 18-"Off-Balance Sheet Arrangements, Guarantees and Other Commitments" of the "Notes to Consolidated Financial Statements" under Part II, Item 8 in this report.

As of December 31, 2014, we, or the funds in which we have an ownership interest and/or control, had the following unfunded contractual obligations and commercial commitments:

	Payments Due By Period				
(Dollars in thousands)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
SVBFG contractual obligations:					
Borrowings	$ 461,224	$ 7,781	$ 50,162	$ —	$ 403,281
Non-cancelable operating leases, net of income from subleases	189,378	21,683	41,281	42,216	84,198
Remaining unfunded commitments to other fund investments (1)	19,449	19,449	—	—	—
Remaining unfunded commitments to Partners for Growth, LP	9,750	9,750	—	—	—
Remaining unfunded commitments to debt funds (equity method accounting)	4,950	4,950	—	—	—
Commitments to low income housing tax credit funds	65,921	22,507	41,367	425	1,622
Other obligations	15,641	7,122	7,956	563	—
SVBFG unfunded commitments to our managed funds:					
SVB Strategic Investors Fund, LP (1)	688	688	—	—	—
SVB Strategic Investors Fund II, LP (1)	1,050	1,050	—	—	—
SVB Strategic Investors Fund III, LP (1)	1,275	1,275	—	—	—
SVB Strategic Investors Fund IV, LP (1)	2,325	2,325	—	—	—
Strategic Investors Fund V Funds (1)	209	209	—	—	—
Strategic Investors Fund VI Funds (1)	—	—	—	—	—
SVB Capital - NT Growth Partners, LP (1)	1,340	1,340	—	—	—
Silicon Valley BancVentures, LP (1)	270	270	—	—	—
SVB Capital Partners II, LP (1)	162	162	—	—	—
Capital Partners III, LP (1)	—	—	—	—	—
SVB Capital Shanghai Yangpu Venture Capital Fund (1)	—	—	—	—	—
Total obligations attributable to SVBFG	$ 773,632	$ 100,561	$ 140,766	$ 43,204	$ 489,101
Remaining unfunded commitments to venture capital and private equity funds by our consolidated managed funds of funds:					
SVB Strategic Investors Fund, LP (1)	$ 2,250	$ 2,250	$ —	$ —	$ —
SVB Strategic Investors Fund II, LP (1)	5,133	5,133	—	—	—
SVB Strategic Investors Fund III, LP (1)	12,706	12,706	—	—	—
SVB Strategic Investors Fund IV, LP (1)	36,503	36,503	—	—	—
Strategic Investors Fund V Funds (1)	140,362	140,362	—	—	—
Strategic Investors Fund VI Funds (1)	254,248	254,248	—	—	—
SVB Capital Preferred Return Fund, LP (1)	5,163	5,163	—	—	—
SVB Capital - NT Growth Partners, LP (1)	5,872	5,872	—	—	—
Other private equity fund (1)	77	77	—	—	—
Total obligations to venture capital and private equity funds by our consolidated managed funds of funds	$ 462,314	$ 462,314	$ —	$ —	$ —

	Amount of commitment expiring per period				
(Dollars in thousands)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Other commercial commitments:					
Total loan commitments available for funding	$ 13,451,447	$ 7,923,450	$ 4,285,750	$ 1,137,042	$ 105,205
Standby letters of credit	1,248,072	1,177,582	54,676	15,589	225
Commercial letters of credit	6,266	6,266	—	—	—

(1) See Note 7–"Investment Securities" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report, for further disclosure related to non-marketable and other securities. Subject to applicable regulatory requirements, including the Volcker Rule (See "Business - Supervision and Regulation" under Part I, Item 1 in this report), we make commitments to invest in venture capital and private equity funds, which in turn make investments generally in, or in some cases make loans to, privately-held companies . Commitments to invest in these funds are generally made for a 10-year period from the inception of the fund. Although the limited partnership agreements governing these investments typically do not restrict the general partners from calling 100% of committed capital in one year, it is customary for these funds to generally call most of the capital commitments over 5 to 7 years; however in certain cases, the funds may not call 100% of committed capital over the life of the fund. The actual timing of future cash requirements to fund these commitments is generally dependent upon the investment cycle, overall market conditions, and the nature and type of industry in which the privately held companies operate.

Liquidity

The objective of liquidity management is to ensure that funds are available in a timely manner to meet our financial obligations, including, as necessary, paying creditors, meeting depositors' needs, accommodating loan demand and growth, funding investments, repurchasing securities and other operating or capital needs, without incurring undue cost or risk, or causing a disruption to normal operating conditions.

We regularly assess the amount and likelihood of projected funding requirements through a review of factors such as historical deposit volatility and funding patterns, present and forecasted market and economic conditions, individual client funding needs, and existing and planned business activities. Our Asset/Liability Committee ("ALCO"), which is a management committee, provides oversight to the liquidity management process and recommends policy guidelines for the approval of the Finance Committee of our Board of Directors, and courses of action to address our actual and projected liquidity needs.

Our deposit base is, and historically has been, our primary source of liquidity. Our deposit levels and cost of deposits may fluctuate from time to time due to a variety of factors, including market conditions, prevailing interest rates, changes in client deposit behaviors, availability of insurance protection, and our offering of deposit products. At December 31, 2014, our period-end total deposit balances increased by $11.9 billion to $34.3 billion, compared to $22.5 billion at December 31, 2013. The overall increase in deposit balances was primarily due to the addition of new clients and increased fundraising activity by our private equity/venture capital clients.

Our liquidity requirements can also be met through the use of our portfolio of liquid assets. Our definition of liquid assets includes cash and cash equivalents in excess of the minimum levels necessary to carry out normal business operations, short-term investment securities maturing within one year, available-for-sale securities eligible and available for financing or pledging purposes with a maturity in excess of one year and anticipated near-term cash flows from investments.

On a stand-alone basis, SVB Financial's primary liquidity channels include dividends from the Bank, its portfolio of liquid assets, and its ability to raise debt and capital. The ability of the Bank to pay dividends is subject to certain regulations described in "Business—Supervision and Regulation—Restriction on Dividends" under Part I, Item 1 in this report.

Consolidated Summary of Cash Flows

Below is a summary of our average cash position and statement of cash flows for 2014, 2013 and 2012, respectively: (For further details, see our consolidated statements of cash flows under "Consolidated Financial Statements and Supplemental Data" under Part II, Item 8 in this report.)

	Year ended December 31,		
(Dollars in thousands)	**2014**	**2013**	**2012**
Average cash and cash equivalents	$ 2,697,926	$ 1,584,042	$ 1,494,961
Percentage of total average assets	8.2%	6.8%	7.0%
Net cash provided by operating activities	$ 255,517	$ 171,778	$ 196,108
Net cash used for investing activities	(12,233,931)	(2,838,988)	(2,886,368)
Net cash provided by financing activities	12,250,649	3,197,006	2,584,295
Net increase (decrease) in cash and cash equivalents	$ 272,235	$ 529,796	$ (105,965)

Average cash and cash equivalents increased by $1.1 billion to $2.7 billion in 2014, compared to $1.6 billion for the comparable 2013 period. The increase was primarily due to the strong growth in client deposit balances.

2014

Cash provided by operating activities of $256 million in 2014 included net income before noncontrolling interests of $479 million partially offset by non-cash net gains on investment securities of $267 million.

Cash used for investing activities of $12.2 billion in 2014 included $11.1 billion for purchases of fixed-income securities portfolio and $3.5 billion net increase in loans. These cash outflows were partially offset by $2.2 billion from sales, maturities and paydowns of our fixed-income securities portfolio.

Cash provided by financing activities of $12.3 billion in 2014 included an $11.9 billion increase in deposits and $435 million in net proceeds from our common stock offering in the second quarter of 2014.

Cash and cash equivalents at December 31, 2014 were $1.8 billion, compared to $1.5 billion at December 31, 2013.

2013

Cash provided by operating activities of $172 million in 2013 included net income of $216 million which was partially offset by an increase in our income tax receivables of $25 million.

Cash used for investing activities of $2.8 billion in 2013 included $3.3 billion for purchases of available-for-sale securities and $1.9 billion net increase in loans. These cash outflows were partially offset by $2.4 billion from sales, maturities and paydowns of available-for-sale securities.

Cash provided by financing activities of $3.2 billion in 2013 included a $3.3 billion increase in deposits, partially offset by a decrease of $161 million from short-term borrowings, primarily due to pay-offs of Federal funds purchased during the year.

Cash and cash equivalents at December 31, 2013 were $1.5 billion, compared to $1.0 billion at December 31, 2012.

2012

Cash provided by operating activities of $196 million in 2012 included net income of $175 million, a $35 million increase in net cash received from accounts receivable/payable, partially offset by cash outflows of $51 million to reduce our net foreign exchange spot contract position and $16 million in net payouts of accrued compensation.

Cash used for investing activities of $2.9 billion in 2012 included $3.9 billion for purchases of available-for-sale securities, a $2.0 billion net increase in loans, $262 million for purchases of non-marketable and other securities and $40 million for purchases of premises and equipment. These cash outflows were partially offset by $3.1 billion from the sales, maturities and pay downs of available-for-sale securities, $176 million from sales or distributions of non-marketable and other securities and $10 million in recoveries from loans previously charged-off.

Cash provided by financing activities of $2.6 billion in 2012. Net cash inflows included a $2.5 billion increase in deposits, $166 million from short-term borrowings, $59 million from capital contributions (net of distributions) from noncontrolling interests and $29 million from the issuance of common stock and ESPP. These cash inflows were offset by principal payments of $141 million upon maturity of our 5.70% Senior Notes.

Cash and cash equivalents at December 31, 2012 were $1.0 billion, compared to $1.1 billion at December 31, 2011.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk Management

Market risk is defined as the risk of adverse fluctuations in the market value of financial instruments due to changes in market interest rates. Interest rate risk is our primary market risk and can result from timing and volume differences in the repricing of our rate-sensitive assets and liabilities, widening or tightening of credit spreads, changes in the general level of market interest rates and changes in the shape and level of the benchmark LIBOR/SWAP yield curve. Additionally, changes in interest rates can influence the rate of principal prepayments on mortgage securities, which affects the rate of amortization of purchase premiums and discounts. Other market risks include foreign currency exchange risk and equity price risk. These risks are not considered significant interest rate sensitive risks and no separate quantitative information concerning them is presented herein.

Interest rate risk is managed by our ALCO. ALCO reviews the market valuation and 12-month forward looking earnings sensitivity of assets and liabilities to changes in interest rates, structural changes in investment and funding portfolios, loan and deposit activity and current market conditions. Adherence to relevant policies, which are approved by the Finance Committee of our Board of Directors, is monitored on an ongoing basis.

Management of interest rate risk is carried out primarily through strategies involving our available-for-sale securities, available funding channels and capital market activities. In addition, our policies permit the use of off-balance sheet derivative instruments to assist in managing interest rate risk.

We utilize a simulation model to perform sensitivity analysis on the economic value of equity and net interest income under a variety of interest rate scenarios, balance sheet forecasts and proposed strategies. The simulation model provides a dynamic assessment of interest rate sensitivity embedded in our balance sheet which measures the potential variability in forecasted results relating to changes in market interest rates over time. We review our interest rate risk position on a quarterly basis at a minimum.

Model Simulation and Sensitivity Analysis

One application of the aforementioned simulation model involves measurement of the impact of market interest rate changes on our economic value of equity ("EVE"). EVE is defined as the market value of assets, less the market value of liabilities, adjusted for any off-balance sheet items. A second application of the simulation model measures the impact of market interest rate changes on our net interest income ("NII") assuming a static balance sheet as of the period-end reporting date. The market interest rate changes that affect us are principally short-term interest rates and include the following: (1) National Prime and SVB Prime rates; (2) 1-month and 3-month LIBOR; and (3) Fed Funds target rate. Changes in these short-term rates impact interest earned on our variable rate loans, variable rate available-for-sale securities and balances held as cash and cash equivalents. Additionally, deposit pricing generally follows overall changes in short-term interest rates.

The following table presents our EVE and NII sensitivity exposure at December 31, 2014 and December 31, 2013, related to an instantaneous and sustained parallel shift in market interest rates of 100 and 200 basis points.

	Estimated	Estimated Increase/(Decrease) In EVE		Estimated	Estimated Increase/ (Decrease) In NII	
Change in interest rates (basis points)	EVE	Amount	Percent	NII	Amount	Percent
		(Dollars in thousands)				
December 31, 2014:						
+200	$ 6,201,773	$ 1,237,900	24.9 %	$ 1,242,321	$ 223,059	21.9 %
+100	5,598,887	635,014	12.8	1,124,643	105,381	10.3
—	4,963,873	—	—	1,019,262	—	—
-100	4,927,749	(36,124)	(0.7)	979,982	(39,280)	(3.9)
-200	5,119,636	155,763	3.1	953,556	(65,706)	(6.4)
December 31, 2013:						
+200	$ 4,656,411	$ 477,866	11.4 %	$ 990,190	$ 161,314	19.5 %
+100	4,382,397	203,852	4.9	899,336	70,460	8.5
—	4,178,545	—	—	828,876	—	—
-100	3,960,086	(218,459)	(5.2)	826,222	(2,654)	(0.3)
-200	4,041,604	(136,941)	(3.3)	822,448	(6,428)	(0.8)

Economic Value of Equity

The estimated EVE in the preceding table is based on a combination of valuation methodologies including a discounted cash flow analysis and a multi-path lattice based valuation. Both methodologies use publicly available market interest rates. The model simulations and calculations are highly assumption-dependent and will change regularly as our asset/liability structure changes, as interest rate environments evolve, and as we change our assumptions in response to relevant market or business circumstances. These calculations do not reflect the changes that we anticipate or may make to reduce our EVE exposure in response to a change in market interest rates as a part of our overall interest rate risk management strategy.

As with any method of measuring interest rate risk, certain limitations are inherent in the method of analysis presented in the preceding table. We are exposed to yield curve risk, prepayment risk and basis risk, which cannot be fully modeled and expressed using the above methodology. Accordingly, the results in the preceding table should not be relied upon as a precise indicator of actual results in the event of changing market interest rates. Additionally, the resulting EVE and NII estimates are not intended to represent, and should not be construed to represent the underlying value. In addition, we assume different rates of deposit balance decreases for each interest rate scenario based on a long-term historical deposit study of our clients.

Our base case EVE at December 31, 2014 increased from December 31, 2013 by $785 million primarily due to the change in balance sheet mix and a flatter yield curve due to market conditions. The flatter market curve negatively impacted the EVE by $646 million. The change in balance sheet mix had a positive impact of $1.4 billion to our base. This positive impact was reflective of a $9.0 billion increase in fixed income investment securities, a $3.5 billion increase in our period-end loan portfolio, and a $257 million increase in cash and cash equivalents. The increases were offset by an increase of $11.9 billion in deposits. EVE sensitivity increased in the simulated upward interest rate movements due to an $8.7 billion increase in noninterest-bearing deposits. In the simulated downward interest rate movements, EVE sensitivity decreased due to flatter and lower market yield curves. In the simulated downward 200 bps interest rate movement, the EVE sensitivity turned positive due to a lower market yield curve limiting the market value impact on noninterest-bearing deposits while asset values increase. The limited impact on deposits is attributed to deposit rates being at or near their absolute floors.

12-Month Net Interest Income Simulation

Our estimated 12-month NII at December 31, 2014 increased from December 31, 2013 by $190 million primarily due to an increase of $3.5 billion in our period-end loan portfolio and a $9.0 billion increase in fixed income investment securities, which were partially offset by an increase of $3.2 billion in interest-bearing deposits and lower yields on investments and loans. NII sensitivity increased in both the simulated upward and downward interest rate movements. The NII sensitivity increased due to growth in mostly variable rate loans, which reduced the impact of the rate reset from interest-bearing deposits.

The simulation model used in the above analysis embeds floors in our interest rate scenarios, which prevent model benchmark rates from moving below 0.0%. In addition, we assume different deposit balance decay rates for each interest rate scenario based on a historical deposit study of our clients. These assumptions may change in future periods based on management discretion. Actual changes in our deposit pricing strategies may differ from our current model assumptions and may have an impact on our overall sensitivity.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
SVB Financial Group:

We have audited SVB Financial Group and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Controls over Financial Reporting (Item 9A(b)). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2014, and our report dated February 26, 2015 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

San Francisco, California
February 26, 2015

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
SVB Financial Group:

We have audited the accompanying consolidated balance sheets of SVB Financial Group and subsidiaries (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework*(1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 26, 2015 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

San Francisco, California
February 26, 2015

SVB FINANCIAL GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value and share data)	December 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	$ 1,796,062	$ 1,538,779
Available-for-sale securities, at fair value (cost of $13,497,945 and $12,055,524, respectively)	13,540,655	11,986,821
Held-to-maturity securities, at cost (fair value of $7,415,656 and $0, respectively)	7,421,042	—
Non-marketable and other securities	1,728,888	1,595,494
Total investment securities	22,690,585	13,582,315
Loans, net of unearned income	14,384,276	10,906,386
Allowance for loan losses	(165,359)	(142,886)
Net loans	14,218,917	10,763,500
Premises and equipment, net of accumulated depreciation and amortization	79,845	67,485
Accrued interest receivable and other assets	559,231	465,110
Total assets	$ 39,344,640	$ 26,417,189
Liabilities and total equity		
Liabilities:		
Noninterest-bearing demand deposits	$ 24,583,682	$ 15,894,360
Interest-bearing deposits	9,759,817	6,578,619
Total deposits	34,343,499	22,472,979
Short-term borrowings	7,781	5,080
Other liabilities	483,493	404,586
Long-term debt	453,443	455,216
Total liabilities	35,288,216	23,337,861
Commitments and contingencies (Note 18 and Note 24)		
SVBFG stockholders' equity:		
Preferred stock, $0.001 par value, 20,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.001 par value, 150,000,000 shares authorized; 50,924,925 shares and 45,800,418 shares outstanding, respectively	51	46
Additional paid-in capital	1,120,350	624,256
Retained earnings	1,654,657	1,390,732
Accumulated other comprehensive income (loss)	42,704	(48,764)
Total SVBFG stockholders' equity	2,817,762	1,966,270
Noncontrolling interests	1,238,662	1,113,058
Total equity	4,056,424	3,079,328
Total liabilities and total equity	$ 39,344,640	$ 26,417,189

See accompanying notes to the consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share amounts)	Year ended December 31, 2014	2013	2012
Interest income:			
Loans	$ 610,945	$ 542,204	$ 469,146
Investment securities:			
Taxable	271,371	180,162	171,863
Non-taxable	3,136	3,201	3,564
Federal funds sold, securities purchased under agreements to resell and other short-term investment securities	6,464	4,054	4,145
Total interest income	891,916	729,621	648,718
Interest expense:			
Deposits	12,114	9,128	6,660
Borrowings	23,207	23,149	24,194
Total interest expense	35,321	32,277	30,854
Net interest income	856,595	697,344	617,864
Provision for loan losses	59,486	63,693	44,330
Net interest income after provision for loan losses	797,109	633,651	573,534
Noninterest income:			
Gains on investment securities, net	267,023	419,408	122,114
Foreign exchange fees	71,659	57,411	52,433
Gains on derivative instruments, net	96,845	42,184	18,679
Deposit service charges	39,937	35,948	33,421
Credit card fees	41,792	32,461	24,809
Lending related fees	25,711	20,980	18,038
Letters of credit and standby letters of credit fees	15,649	14,716	15,150
Client investment fees	14,883	13,959	14,539
Other	(1,260)	36,139	36,363
Total noninterest income	572,239	673,206	335,546
Noninterest expense:			
Compensation and benefits	409,486	366,801	326,942
Professional services	94,377	76,178	67,845
Premises and equipment	49,716	45,935	40,689
Business development and travel	40,057	33,334	29,409
Net occupancy	30,004	24,937	22,536
FDIC assessments	19,206	12,784	10,959
Correspondent bank fees	13,118	12,142	11,168
Provision for unfunded credit commitments	6,511	7,642	488
Other	54,396	41,927	35,962
Total noninterest expense	716,871	621,680	545,998
Income before income tax expense	652,477	685,177	363,082
Income tax expense	173,762	139,058	113,269
Net income before noncontrolling interests	478,715	546,119	249,813
Net income attributable to noncontrolling interests	(214,790)	(330,266)	(74,710)
Net income available to common stockholders	$ 263,925	$ 215,853	$ 175,103
Earnings per common share—basic	$ 5.39	$ 4.76	$ 3.96
Earnings per common share—diluted	5.31	4.70	3.91

See accompanying notes to the consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)	Year ended December 31, 2014	2013	2012
Net income before noncontrolling interests	$ 478,715	$ 546,119	$ 249,813
Other comprehensive income (loss), net of tax:			
Change in cumulative translation gains (losses):			
Foreign currency translation gains (losses)	10,982	(5,483)	(766)
Related tax (expense) benefit	(4,425)	2,179	308
Change in unrealized gains (losses) on available-for-sale securities:			
Unrealized holding gains (losses)	92,815	(259,193)	44,113
Related tax (expense) benefit	(37,383)	105,500	(17,921)
Reclassification adjustment for losses (gains) included in net income	18,598	(538)	(4,241)
Related tax (benefit) expense	(7,510)	218	1,661
Cumulative-effect adjustment for unrealized gains on securities transferred from available-for-sale to held-to-maturity	37,700	—	—
Related tax expense	(15,178)	—	—
Amortization of unrealized gains on securities transferred from available-for-sale to held-to-maturity	(6,915)	—	—
Related tax benefit	2,784	—	—
Other comprehensive income (loss), net of tax	91,468	(157,317)	23,154
Comprehensive income	570,183	388,802	272,967
Comprehensive income attributable to noncontrolling interests	(214,790)	(330,266)	(74,710)
Comprehensive income attributable to SVBFG	$ 355,393	$ 58,536	$ 198,257

See accompanying notes to the consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollars in thousands, except share data)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total SVBFG Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2011	**43,507,932**	**$ 44**	**$ 484,216**	**$ 999,733**	**$ 85,399**	**$ 1,569,392**	**$ 680,997**	**$ 2,250,389**
Common stock issued under employee benefit plans, net of restricted stock cancellations	1,045,690	1	29,281	—	—	29,282	—	29,282
Common stock issued upon settlement of 3.875% Convertible Notes, net of shares received from associated convertible note hedge	73,560	—	4,344	—	—	4,344	—	4,344
Income tax benefit from stock options exercised, vesting of restricted stock and other	—	—	7,770	—	—	7,770	—	7,770
Net income	—	—	—	175,103	—	175,103	74,710	249,813
Capital calls and distributions, net	—	—	—	—	—	—	59,057	59,057
Net change in unrealized gains and losses on available-for-sale securities, net of tax	—	—	—	—	23,612	23,612	—	23,612
Foreign currency translation adjustments, net of tax	—	—	—	—	(458)	(458)	—	(458)
Share-based compensation expense	—	—	21,468	—	—	21,468	—	21,468
Deconsolidation of noncontrolling interests	—	—	—	—	—	—	(40,086)	(40,086)
Other, net	—	—	—	42	—	42	—	42
Balance at December 31, 2012	**44,627,182**	**$ 45**	**$ 547,079**	**$ 1,174,878**	**$ 108,553**	**$ 1,830,555**	**$ 774,678**	**$ 2,605,233**
Common stock issued under employee benefit plans, net of restricted stock cancellations	1,098,290	$ 1	$ 41,403	$ —	$ —	$ 41,404	$ —	$ 41,404
Common stock issued under ESOP	74,946	—	5,166	—	—	5,166	—	5,166
Income tax benefit from stock options exercised, vesting of restricted stock and other	—	—	5,658	—	—	5,658	—	5,658
Net income	—	—	—	215,853	—	215,853	330,266	546,119
Capital calls and distributions, net	—	—	—	—	—	—	8,114	8,114
Net change in unrealized gains and losses on available-for-sale securities, net of tax	—	—	—	—	(154,013)	(154,013)	—	(154,013)
Foreign currency translation adjustments, net of tax	—	—	—	—	(3,304)	(3,304)	—	(3,304)
Share-based compensation expense	—	—	24,947	—	—	24,947	—	24,947
Other, net	—	—	3	1	—	4	—	4
Balance at December 31, 2013	**45,800,418**	**$ 46**	**$ 624,256**	**$ 1,390,732**	**$ (48,764)**	**$ 1,966,270**	**$ 1,113,058**	**$ 3,079,328**
Common stock issued under employee benefit plans, net of restricted stock cancellations	608,745	$ —	$ 18,256	$ —	$ —	$ 18,256	$ —	$ 18,256
Common stock issued under ESOP	30,762	—	3,890	—	—	3,890	—	3,890
Income tax benefit from stock options exercised, vesting of restricted stock and other	—	—	9,595	—	—	9,595	—	9,595
Net income	—	—	—	263,925	—	263,925	214,790	478,715
Capital calls and distributions, net	—	—	—	—	—	—	(89,186)	(89,186)
Net change in unrealized gains and losses on available-for-sale securities, net of tax	—	—	—	—	66,520	66,520	—	66,520
Cumulative-effect for unrealized gains on securities transferred from available-for-sale to held-to-maturity, net of tax	—	—	—	—	22,522	22,522	—	22,522
Amortization of unrealized gains on securities transferred from available-for-sale to held-to-maturity, net of tax	—	—	—	—	(4,131)	(4,131)	—	(4,131)
Foreign currency translation adjustments, net of tax	—	—	—	—	6,557	6,557	—	6,557
Common stock issued in public offering	4,485,000	5	434,861	—	—	434,866	—	434,866
Share-based compensation expense	—	—	29,491	—	—	29,491	—	29,491
Other, net	—	—	1	—	—	1	—	1
Balance at December 31, 2014	**50,924,925**	**$ 51**	**$ 1,120,350**	**$ 1,654,657**	**$ 42,704**	**$ 2,817,762**	**$ 1,238,662**	**$ 4,056,424**

See accompanying notes to the consolidated financial statements.

Table of Contents

SVB FINANCIAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Year ended December 31, 2014	2013	2012
Cash flows from operating activities:			
Net income before noncontrolling interests	$ 478,715	$ 546,119	$ 249,813
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	59,486	63,693	44,330
Provision for unfunded credit commitments	6,511	7,642	488
Changes in fair values of derivatives, net	(22,139)	(31,508)	(10,123)
Gains on investment securities, net	(267,023)	(419,408)	(122,114)
Depreciation and amortization	39,696	35,894	28,122
Impairment loss on SVBIF Sale Transaction	13,934	—	—
Amortization of premiums and discounts on investment securities, net	25,311	29,774	55,580
Tax (expense) benefit from stock exercises	(7)	(1,167)	2,189
Amortization of share-based compensation	29,545	25,413	21,861
Amortization of deferred loan fees	(82,724)	(73,008)	(58,517)
Deferred income tax (benefit) expense	(43,516)	14,080	1,800
Gain on the sale of certain assets related to our equity services management business	—	—	(4,243)
Changes in other assets and liabilities:			
Accrued interest receivable and payable, net	(26,642)	(3,241)	(6,254)
Accounts receivable and payable, net	(302)	(21)	35,221
Income tax receivable and payable, net	(4,804)	(24,811)	9,631
Accrued compensation	3,707	22,925	(15,918)
Foreign exchange spot contracts, net	25,725	2,086	(50,901)
Other, net	20,044	(22,684)	15,143
Net cash provided by operating activities	255,517	171,778	196,108
Cash flows from investing activities:			
Purchases of available-for-sale securities	(8,462,071)	(3,336,476)	(3,877,852)
Proceeds from sales of available-for-sale securities	30,398	14,753	329,161
Proceeds from maturities and pay downs of available-for-sale securities	1,569,173	2,428,023	2,734,166
Purchases of held-to-maturity securities	(2,612,848)	—	—
Proceeds from maturities and paydowns of held-to-maturity securities	598,454	—	—
Purchases of non-marketable securities (cost and equity method accounting)	(60,202)	(24,847)	(126,318)
Proceeds from sales and distributions of non-marketable securities (cost and equity method accounting)	59,442	58,828	51,246
Purchases of non-marketable and other securities (fair value accounting)	(275,640)	(149,707)	(135,362)
Proceeds from sales and distributions of non-marketable and other securities (fair value accounting)	436,170	132,931	124,538
Net increase in loans	(3,480,531)	(1,943,650)	(1,964,250)
Proceeds from recoveries of charged-off loans	6,155	11,161	9,693
Purchases of premises and equipment	(42,431)	(30,004)	(34,260)
Proceeds from the sale of certain assets related to our equity services management business	—	—	2,870
Net cash used for investing activities	(12,233,931)	(2,838,988)	(2,886,368)
Cash flows from financing activities:			
Net increase in deposits	11,870,520	3,296,527	2,466,916
Increase (decrease) in short-term borrowings	2,701	(161,030)	166,110
Principal payments of other long term debt	—	—	(1,222)
Capital contributions from noncontrolling interests, net of distributions	(89,186)	8,114	59,057
Tax benefit from stock exercises	9,602	6,826	5,581
Proceeds from issuance of common stock, ESPP, and ESOP	22,146	46,569	29,282
Net proceeds from public equity offering	434,866	—	—
Principal payments of 5.70% Senior Notes	—	—	(141,429)
Net cash provided by financing activities	12,250,649	3,197,006	2,584,295
Net increase (decrease) in cash and cash equivalents	272,235	529,796	(105,965)
Cash and cash equivalents at beginning of period	1,538,779	1,008,983	1,114,948
Cash and cash equivalents at end of period (1)	**$ 1,811,014**	**$ 1,538,779**	**$ 1,008,983**
Supplemental disclosures:			
Cash paid during the period for:			

Interest	$ 35,181	$ 31,913	$ 31,048
Income taxes	208,558	142,231	95,678
Noncash items during the period:			
Changes in unrealized gains and losses on available-for-sale securities, net of tax	$ 66,520	$ (154,013)	$ 23,612
Transfers from available-for-sale securities to held-to-maturity	5,418,572	—	—

(1) Cash and cash equivalents at December 31, 2014 included $15.0 million recognized in assets held-for-sale in conjunction with the SVBIF Sale Transaction.

See accompanying notes to the consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business

SVB Financial Group is a diversified financial services company, as well as a bank holding company and a financial holding company. SVB Financial was incorporated in the state of Delaware in March 1999. Through our various subsidiaries and divisions, we offer a variety of banking and financial products and services to support our clients of all sizes and stages throughout their life cycles. In these notes to our consolidated financial statements, when we refer to "SVB Financial Group," "SVBFG", the "Company," "we," "our," "us" or use similar words, we mean SVB Financial Group and all of its subsidiaries collectively, including Silicon Valley Bank (the "Bank"), unless the context requires otherwise. When we refer to "SVB Financial" or the "Parent" we are referring only to the parent company, SVB Financial Group, unless the context requires otherwise.

We offer commercial banking products and services through our principal subsidiary, the Bank, which is a California-chartered bank founded in 1983 and a member of the Federal Reserve System. Through its subsidiaries, the Bank also offers investment advisory, asset management, private wealth management and brokerage services. We also offer non-banking products and services, such as funds management, private equity/venture capital investment and business valuation services, through our other subsidiaries and divisions. We primarily focus on serving corporate clients in the following niches: technology, life science & healthcare, private equity/venture capital and premium wine. Our corporate clients range widely in terms of size and stage of maturity. Additionally, we focus on cultivating strong relationships with firms within the venture capital and private equity community worldwide, many of which are also our clients and may invest in our corporate clients.

Headquartered in Santa Clara, California, we operate in centers of innovation in the United States and around the world.

For reporting purposes, SVB Financial Group has three operating segments for which we report financial information in this report: Global Commercial Bank, SVB Private Bank, and SVB Capital. Financial information, results of operations and a description of the services provided by our operating segments are set forth in Note 21-"Segment Reporting" in this report.

2. Summary of Significant Accounting Policies

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates may change as new information is obtained. Significant items that are subject to such estimates include measurements of fair value, the valuation of non-marketable and other securities, the valuation of equity warrant assets, the adequacy of the allowance for loan losses and reserve for unfunded credit commitments and the recognition and measurement of income tax assets and liabilities. The following discussion provides additional background on our significant accounting policies.

Principles of Consolidation and Presentation

Our consolidated financial statements include the accounts of SVB Financial Group and entities in which we have a controlling financial interest. We determine whether we have a controlling financial interest in an entity by evaluating whether the entity is a voting interest entity or a variable interest entity and whether the accounting guidance requires consolidation. All significant intercompany accounts and transactions have been eliminated.

Voting interest entities are entities that have sufficient equity and provide the equity investors voting rights that enable them to make significant decisions relating to the entity's operations. For these types of entities, the Company's determination of whether it has a controlling interest is based on ownership of the majority of the entities' voting equity interest or through control of management of the entities.

VIEs are entities that, by design, either (1) lack sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties, or (2) have equity investors that do not have the ability to make significant decisions relating to the entity's operations through voting rights, or do not have the obligation to absorb the expected losses, or do not have the right to receive the residual returns of the entity. We determine whether we have a controlling financial interest in a VIE by considering whether our involvement with the VIE is significant and whether we are the primary beneficiary based on the following:

1. We have the power to direct the activities of the VIE that most significantly impact the entity's economic performance;

2. The aggregate indirect and direct variable interests held by the Company have the obligation to absorb losses or the right to receive benefits from the entity that could be significant to the VIE; and,

3. Qualitative and quantitative factors regarding the nature, size, and form of our involvement with the VIE.

Voting interest entities in which we have a controlling financial interest or VIEs in which we are the primary beneficiary are consolidated into our financial statements.

We have not provided financial or other support during the periods presented to any VIE that we were not previously contractually required to provide. We are variable interest holders in certain partnerships for which we are the primary beneficiary. We perform on-going reassessments on the status of the entities and whether facts or circumstances have changed in relation to previously evaluated voting interest entities and our involvement in VIEs which could cause our consolidation conclusion to change.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash balances due from banks, interest-earning deposits, Federal Reserve deposits, federal funds sold, securities purchased under agreements to resell and other short-term investment securities. For the consolidated statements of cash flows, we consider cash equivalents to be investments that are readily convertible to known amounts of cash, so near to their maturity that they present an insignificant risk of change in fair value due to changes in market interest rates, and purchased in conjunction with our cash management activities.

Investment Securities

Available-for-Sale Securities

Our available-for-sale securities portfolio is a fixed income investment portfolio that is managed to earn an appropriate portfolio yield over the long-term while maintaining sufficient liquidity and credit diversification as well as addressing our asset/liability management objectives. Unrealized gains and losses on available-for-sale securities, net of applicable taxes, are reported in accumulated other comprehensive income, which is a separate component of SVBFG's stockholders' equity, until realized.

We analyze available-for-sale securities for other-than-temporary impairment each quarter. Market valuations represent the cumulative current fair value of a security at a specified point in time and incorporates the risk of timing of interest due and the return of principal over the contractual life of each security. Gains and losses on securities are realized when there is a sale of the security prior to maturity. A credit downgrade represents an increased level of risk of other-than-temporary impairment, and as a part of our consideration of recording an other-than-temporary impairment we will assess the issuer's ability to service the debt and to repay the principal at contractual maturity.

We apply the other-than-temporary impairment standards of ASC 320, *Investments-Debt and Equity Securities*. For our debt securities, we have the intent and ability to hold these securities until we recover our cost less any credit-related loss. We separate the amount of the other-than-temporary impairment, if any, into the amount that is credit related (credit loss component) and the amount due to all other factors. The credit loss component is recognized in earnings and is the difference between a security's amortized cost basis and the present value of expected future cash flows discounted at the security's effective interest rate. The amount due to all other factors is recognized in other comprehensive income.

We consider numerous factors in determining whether a credit loss exists and the period over which the debt security is expected to recover. The following list is not meant to be all inclusive. All of the following factors are considered:

- The length of time and the extent to which the fair value has been less than the amortized cost basis (severity and duration);
- Adverse conditions specifically related to the security, an industry, or geographic area; for example, changes in the financial condition of the issuer of the security, or in the case of an asset-backed debt security, changes in the financial condition of the underlying loan obligors. Examples of those changes include any of the following:
    - Changes in technology;
    - The discontinuance of a segment of the business that may affect the future earnings potential of the issuer or underlying loan obligors of the security; and
    - Changes in the quality of the credit enhancement.
- The historical and implied volatility of the fair value of the security;

- The payment structure of the debt security and the likelihood of the issuer being able to make payments that increase in the future;
- Failure of the issuer of the security to make scheduled interest or principal payments;
- Any changes to the rating of the security by a rating agency; and
- Recoveries or additional declines in fair value after the balance sheet date.

In accordance with ASC 310-20, *Receivables-Nonrefundable Fees and Other Costs*, we use estimates of future principal prepayments, provided by third-party market-data vendors, in addition to actual principal prepayment experience to calculate the constant effective yield necessary to apply the effective interest method in the amortization of purchase discounts or premiums on mortgage-backed securities and fixed rate collateralized mortgage obligations ("CMO"). The discounts or premiums are included in interest income over the contractual terms of the underlying securities replicating the effective interest method.

Held-to-Maturity Securities

During the second quarter of 2014, we re-designated certain securities from the classification of "available-for-sale" ("AFS") to "held-to-maturity" ("HTM"). Transfers of investment securities into the held-to-maturity category from the available-for-sale category are made at fair value at the date of transfer. The unrealized gains (losses), net of tax, are retained in other comprehensive income, and the carrying value of the held-to-maturity securities are amortized over the life of the securities in a manner consistent with the amortization of a premium or discount. Our decision to re-designate the securities was based on our ability and intent to hold these securities to maturity.

Non-Marketable and Other Securities

Non-marketable and other securities include investments in venture capital and private equity funds, debt funds, direct equity investments in companies and low income housing tax credit funds. A majority of these investments are managed through our SVB Capital funds business in funds of funds and direct venture funds. Our accounting for investments in non-marketable and other securities depends on several factors, including the level of ownership, power to control and the legal structure of the subsidiary making the investment. As further described below, we base our accounting for such securities on: (i) fair value accounting, (ii) equity method accounting, or (iii) cost method accounting.

Fair Value Accounting

Our managed funds are investment companies under the AICPA Audit and Accounting Guide for Investment Companies and accordingly, these funds report their investments at estimated fair value, with unrealized gains and losses resulting from changes in fair value reflected as investment gains or losses in our consolidated statements of income. Our non-marketable and other securities recorded pursuant to fair value accounting consist of our investments through the following funds:

- Funds of funds; which make investments in venture capital and private equity funds;
- Direct venture funds; which make equity investments in privately held companies.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

A summary of our ownership interests in the investments held under fair value accounting as of December 31, 2014 is presented in the following table:

Limited partnership	Company Direct and Indirect Ownership in Limited Partnership
Managed funds of funds	
SVB Strategic Investors Fund, LP	12.6%
SVB Strategic Investors Fund II, LP	8.6
SVB Strategic Investors Fund III, LP	5.9
SVB Strategic Investors Fund IV, LP	5.0
Strategic Investors Fund V Funds	Various
SVB Capital Preferred Return Fund, LP	20.0
SVB Capital—NT Growth Partners, LP	33.0
Other private equity fund	58.2
Managed direct venture funds	
Silicon Valley BancVentures, LP	10.7
SVB Capital Partners II, LP	5.1
SVB Capital Shanghai Yangpu Venture Capital Fund	6.8

The general partners of these funds are controlled, and in some cases, owned by SVB Financial. The limited partners of these funds do not have substantive participating or kick-out rights. Therefore, these funds are consolidated and any gains or losses resulting from changes in the estimated fair value of the investments are recorded as investment gains or losses in our consolidated net income.

Under fair value accounting, investments are carried at their estimated fair value based on financial information obtained as the general partner of the fund or obtained from the funds' respective general partner. For direct private company investments, valuations are based upon consideration of a range of factors including, but not limited to, the price at which the investment was acquired, the term and nature of the investment, local market conditions, values for comparable securities, current and projected operating performance, exit strategies, and financing transactions subsequent to the acquisition of the investment. For direct equity investments in public companies, valuations are based on quoted market prices less a discount if the securities are subject to certain sales restrictions. Sales restriction discounts generally range from 10% to 20% depending on the duration of the sale restrictions which typically range from 3 to 6 months. The valuation of non-marketable securities in shares of private company capital stock and the valuation of other securities in shares of public company stock with certain sales restrictions is subject to significant judgment. The inherent uncertainty in the process of valuing securities for which a ready market does not exist may cause our estimated values of these securities to differ significantly from the values that would have been derived had a ready market for the securities existed, and those differences could be material.

For our fund investments, we utilize the net asset value as obtained from the general partners of the fund investments as the funds do not have a readily determinable fair value and the funds prepare their financial statements using guidance consistent with fair value accounting. We account for differences between our measurement date and the date of the fund investment's net asset value by using the most recent available financial information from the investee general partner, for example September 30th, for our December 31st consolidated financial statements, adjusted for any contributions paid, distributions received from the investment, and known significant fund transactions or market events about which we are aware through information provided by the fund managers or from publicly available transaction data during the reporting period.

Gains or losses resulting from changes in the estimated fair value of the investments and from distributions received are recorded as gains on investment securities, net, a component of noninterest income. The portion of any investment gains or losses attributable to the limited partners is reflected as net income attributable to noncontrolling interests and adjusts our net income to reflect its percentage ownership.

Equity Method

Our equity method non-marketable securities consist of investments in venture capital and private equity funds, privately-held companies, debt funds, and low income housing tax credit funds. Our equity method non-marketable securities and related accounting policies are described as follows:

- Equity securities, such as preferred or common stock in privately-held companies in which we hold a voting interest of at least 20 percent but less than 50 percent or in which we have the ability to exercise significant influence over the investees' operating and financial policies, are accounted for under the equity method.
- Investments in limited partnerships in which we hold voting interests of more than 5 percent, but less than 50 percent or in which we have the ability to exercise significant influence over the partnerships' operating and financial policies are accounted for using the equity method.
- Our China joint venture partnership, for which we have 50 percent ownership, is accounted for under the equity method.

We recognize our proportionate share of the results of operations of these equity method investees in our results of operations, based on the most current financial information available from the investee. We review our investments accounted for under the equity method at least quarterly for possible other-than-temporary impairment. Our review typically includes an analysis of facts and circumstances for each investment, the expectations of the investment's future cash flows and capital needs, variability of its business and the company's exit strategy. For our fund investments, we utilize the net asset value per share as provided by the general partners of the fund investments. We account for differences between our measurement date and the date of the fund investment's net asset value by using the most recent available financial information from the investee general partner, for example September 30th, for our December 31st consolidated financial statements, adjusted for any contributions paid, distributions received from the investment, and known significant fund transactions or market events about which we are aware through information provided by the fund managers or from publicly available transaction data during the reporting period.

We reduce our investment value when we consider declines in value to be other-than-temporary and recognize the estimated loss as a loss on investment securities, a component of noninterest income.

Cost Method

Our cost method non-marketable securities and related accounting policies are described as follows:

- Equity securities, such as preferred or common stock in privately-held companies in which we hold an ownership interest of less than 20 percent and in which we do not have the ability to exercise significant influence over the investees' operating and financial policies, are accounted for under the cost method.
- Investments in limited partnerships in which we hold voting interests of less than 5 percent and in which we do not have the ability to exercise significant influence over the partnerships' operating and financial policies, are accounted for under the cost method. These non-marketable securities include investments in venture capital and private equity funds.

We record these investments at cost and recognize distributions or returns received from net accumulated earnings of the investee since the date of acquisition as income. Our share of net accumulated earnings of the investee after the date of investment are recognized in consolidated net income only to the extent distributed by the investee. Distributions or returns received in excess of accumulated earnings are considered a return of investment and are recorded as reductions in the cost basis of the investment.

We review our investments accounted for under the cost method at least quarterly for possible other-than-temporary impairment. Our review typically includes an analysis of facts and circumstances of each investment, the expectations of the investment's future cash flows and capital needs, variability of its business and the company's exit strategy. To help determine impairment, if any, for our fund investments, we utilize the net asset value per share as provided by the general partners of the fund investments. We account for differences between our measurement date and the date of the fund investment's net asset value by using the most recent available financial information from the investee general partner, for example September 30th, for our December 31st consolidated financial statements, adjusted for any contributions paid, distributions received from the investment, and known significant fund transactions or market events about which we are aware through information provided by the fund managers or from publicly available transaction data during the reporting period.

We reduce our investment value when we consider declines in value to be other-than-temporary and recognize the estimated loss as a loss on investment securities, a component of noninterest income.

Gains or losses on cost method investment securities that result from a portfolio company being acquired by a publicly traded company are determined using its fair value when the acquisition occurs. The resulting gains or losses are recognized in consolidated net income on that date.

Loans

Loans are reported at the principal amount outstanding, net of unearned loan fees. Unearned loan fees reflect unamortized deferred loan origination and commitment fees net of unamortized deferred loan origination costs. In addition to cash loan fees, we often obtain equity warrant assets that give us an option to purchase a position in a client company's stock in consideration for providing credit facilities. The grant date fair values of these equity warrant assets are deemed to be loan fees and are deferred as unearned income and recognized as an adjustment of loan yield through loan interest income. The net amount of unearned loan fees is amortized into loan interest income over the contractual terms of the underlying loans and commitments using the constant effective yield method, adjusted for actual loan prepayment experience, or the straight-line method, as applicable.

Allowance for Loan Losses

The allowance for loan losses considers credit risk and is established through a provision for loan losses charged to expense. Our allowance for loan losses is established for estimated loan losses that are probable but not yet realized. Our evaluation process is designed to determine that the allowance for loan losses is appropriate at the balance sheet date. The process of estimating loan losses is inherently imprecise.

We maintain a systematic process for the evaluation of individual loans and pools of loans for inherent risk of loan losses. At the time of approval and then at least annually, each loan in our portfolio is assigned a Credit Risk Rating and industry niche. Credit Risk Ratings are assigned on a scale of 1 to 10, with 1 representing loans with a low risk of nonpayment, 9 representing loans with the highest risk of nonpayment, and 10 representing loans which have been charged-off. This Credit Risk Rating process includes, but is not limited to, consideration of such factors as payment status, the financial condition and operating performance of the borrower, borrower compliance with loan covenants, underlying collateral values and performance trends, the degree of access to additional capital, the presence of credit enhancements such as third party guarantees (where applicable), the degree to which the borrower is sensitive to external factors, the depth and experience of the borrower's management team, potential loan concentrations, and general economic conditions. Our policies require a committee of senior management to review, at least quarterly, credit relationships with a credit risk rating of 5 or worse that exceed specific dollar values. Our review process evaluates the appropriateness of the credit risk rating and allocation of the allowance for loan losses, as well as other account management functions. The allowance for loan losses is based on a formula allocation for similarly risk-rated loans by portfolio segment and individually for impaired loans. The formula allocation provides the average loan loss experience for each portfolio segment, which considers our quarterly historical loss experience since the year 2000, both by risk-rating category and client industry sector. The resulting loan loss factors for each risk-rating category and client industry sector are ultimately applied to the respective period-end client loan balances for each corresponding risk-rating category by client industry sector to provide an estimation of the allowance for loan losses. The probable loan loss experience for any one year period of time is reasonably expected to be greater or less than the average as determined by the loss factors. As such, management applies a qualitative allocation to the results of the aforementioned model to ascertain the total allowance for loan losses. This qualitative allocation is based on management's assessment of the risks that may lead to a future loan loss experience different from our historical loan loss experience. Based on management's prediction or estimate of changing risks in the lending environment, the qualitative allocation may vary significantly from period to period and includes, but is not limited to, consideration of the following factors:

- Changes in lending policies and procedures, including underwriting standards and collections, and charge-off and recovery practices;
- Changes in national and local economic business conditions, including the market and economic condition of our clients' industry sectors;
- Changes in the nature of our loan portfolio;
- Changes in experience, ability, and depth of lending management and staff;
- Changes in the trend of the volume and severity of past due and classified loans;
- Changes in the trend of the volume of nonaccrual loans, troubled debt restructurings, and other loan modifications;

- Reserve floor for portfolio segments that would not draw a minimum reserve based on the lack of historical loan loss experience;
- Reserve for large funded loan exposure; and
- Other factors as determined by management from time to time.

While the evaluation process of our allowance for loan losses uses historical and other objective information, the classification of loans and the establishment of the allowance for loan losses rely, to a great extent, on the judgment and experience of our management.

Reserve for Unfunded Credit Commitments

We record a liability for probable and estimable losses associated with our unfunded credit commitments being funded and subsequently being charged off. Each quarter, every unfunded client credit commitment is allocated to a credit risk-rating in accordance with each client's credit risk rating. We use the historical loan loss factors described under our allowance for loan losses to calculate the loan loss experience if unfunded credit commitments are funded. Separately, we use historical trends to calculate a probability of an unfunded credit commitment being funded. We apply the loan funding probability factor to risk-factor adjusted unfunded credit commitments by credit risk-rating to derive the reserve for unfunded credit commitments, similar to funded loans. The reserve for unfunded credit commitments also includes certain qualitative allocations as deemed appropriate by our management. We include the reserve for unfunded credit commitments in other liabilities and the related provision in other expenses.

Uncollectible Loans and Write-offs

Our charge-off policy applies to all loans, regardless of portfolio segment. Loans are considered for full or partial charge-offs in the event that principal or interest is over 180 days past due or the loan lacks sufficient collateral and it is not in the process of collection. We also consider writing off loans in the event of any of the following circumstances: 1) the loan, or a portion of the loan is deemed uncollectible due to: a) the borrower's inability to make recurring payments, b) material changes in the borrower's assets, c) the expected sale of all or a portion of the borrower's business, or d) a combination of the foregoing; 2) the loan has been identified for charge-off by regulatory authorities; or 3) the debt is overdue greater than 90 days.

Troubled Debt Restructurings

A TDR arises from the modification of a loan where we have granted a concession to the borrower related to the borrower's financial difficulties that we would not have otherwise considered for economic or legal reasons. These concessions may include: (1) deferral of payment for more than an insignificant period of time; (2) interest rate reductions; (3) extension of the maturity date with interest rate concessions; (4) principal forgiveness; and or (5) reduction of accrued interest.

We use the factors in ASC 310-40, *Receivables, Troubled Debt Restructurings by Creditors,* to help determine when a borrower is experiencing financial difficulty, and when we have granted a concession, both of which must be present for a restructuring to meet the criteria of a TDR. If we determine that a TDR exists, we measure impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate, except that as a practical expedient, we may also measure impairment based on a loan's observable market price, or the fair value of the collateral less selling costs if the loan is a collateral-dependent loan.

Nonaccrual Loans and Impaired Loans

Loans are placed on nonaccrual status when they become 90 days past due as to principal or interest payments (unless the principal and interest are well secured and in the process of collection); or when we have determined, based upon currently known information, that the timely collection of principal or interest is not probable.

When a loan is placed on nonaccrual status, the accrued interest and fees are reversed against interest income and the loan is accounted for using the cost recovery method thereafter until qualifying for return to accrual status. Historically, loans that have been placed on nonaccrual status have remained as nonaccrual loans until the loan is either charged-off, or the principal balances have been paid off. For a loan to be returned to accrual status, all delinquent principal and interest must become current in accordance with the terms of the loan agreement and future collection of remaining principal and interest must be deemed probable. We apply a cost recovery method in which all cash received is applied to the loan principal until it has been collected.

Under this approach, interest income is recognized after total cash flows received exceed the recorded investment at the date of initial impairment.

A loan is considered impaired when, based upon currently known information, it is deemed probable that we will be unable to collect all amounts due according to the terms of the agreement. All of our nonaccrual loans are classified under the impaired category. On a quarterly basis, we review our loan portfolio for impairment. Within each class of loans, we review individual loans for impairment based on credit risk ratings. Loans that have credit risk ratings of 8 or 9 are considered impaired and are reviewed individually.

For each loan identified as impaired, we measure the impairment based upon the present value of expected future cash flows discounted at the loan's effective interest rate. In limited circumstances, we may measure impairment based on the loan's observable market price or the fair value of the collateral less selling costs if the loan is collateral dependent. Impaired collateral dependent loans will have independent appraisals completed and accepted at least annually. The fair value of the collateral will be determined by the most recent appraisal, as adjusted to reflect a reasonable marketing period for the sale of the asset(s) and an estimate of reasonable selling expenses.

If it is determined that the value of an impaired loan is less than the recorded investment in the loan, net of previous charge-offs and payments collected, we recognize impairment through the allowance for loan losses as determined by our analysis.

Standby Letters of Credit

We recognize a liability at the inception of a standby letter of credit equivalent to the premium or the fee received for such guarantee. This fee is recognized in noninterest income over the commitment period using the straight-line method.

Premises and Equipment

Premises and equipment are reported at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets or the terms of the related leases, whichever is shorter. The maximum estimated useful lives by asset classification are as follows:

Leasehold improvements	Lesser of lease term or asset life
Furniture and equipment	3 years
Computer software	3-7 years
Computer hardware	3-5 years

We capitalize the costs of computer software developed or obtained for internal use, including costs related to developed software, purchased software licenses and certain implementation costs.

For property and equipment that is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in noninterest expense in consolidated net income.

Lease Obligations

We lease all of our properties. At the inception of the lease, each property is evaluated to determine whether the lease will be accounted for as an operating or capital lease. For leases that contain rent escalations or landlord incentives, we record the total rent payable during the lease term, using the straight-line method over the term of the lease and record the difference between the minimum rents paid and the straight-line rent as lease obligations. We had no capitalized lease obligations at December 31, 2014 and 2013.

Fair Value Measurements

Our available-for-sale securities, derivative instruments and certain marketable, non-marketable and other securities are financial instruments recorded at fair value on a recurring basis. We make estimates regarding valuation of assets and liabilities measured at fair value in preparing our consolidated financial statements.

Fair Value Measurement-Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (the “exit price”) in an orderly transaction between market participants at the measurement date. There is a three-level hierarchy for disclosure of assets

and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable and the significance of those inputs in the fair value measurement. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect our estimates about market data and views of market participants. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1

Fair value measurements based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment. Assets utilizing Level 1 inputs include U.S. Treasury securities, exchange-traded equity securities and certain marketable securities accounted for under fair value accounting.

Level 2

Fair value measurements based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Valuations for the available-for-sale securities are provided by third party external pricing service providers. We review the methodologies used to determine the fair value, including understanding the nature and observability of the inputs used to determine the price. Additional corroboration, such as obtaining a non-binding price from a broker, may be obtained depending on the frequency of trades of the security and the level of liquidity or depth of the market. The valuation methodology that is generally used for the Level 2 assets is the income approach. Below is a summary of the significant inputs used for each class of Level 2 assets and liabilities:

U.S. agency debentures: Fair value measurements of U.S. agency debentures are based on the characteristics specific to bonds held, such as issuer name, issuance date, coupon rate, maturity date and any applicable issuer call option features. Valuations are based on market spreads relative to similar term benchmark market interest rates, generally U.S. treasury securities.

Agency-issued mortgage-backed securities: Agency-issued mortgage-backed securities are pools of individual conventional mortgage loans underwritten to U.S. agency standards with similar coupon rates, tenor, and other attributes such as geographic location, loan size and origination vintage. Fair value measurements of these securities are based on observable price adjustments relative to benchmark market interest rates taking into consideration estimated loan prepayment speeds.

Agency-issued collateralized mortgage obligations: Agency-issued collateralized mortgage obligations are structured into classes or tranches with defined cash flow characteristics and are collateralized by U.S. agency-issued mortgage pass-through securities. Fair value measurements of these securities incorporate similar characteristics of mortgage pass-through securities such as coupon rate, tenor, geographic location, loan size and origination vintage, in addition to incorporating the effect of estimated prepayment speeds on the cash flow structure of the class or tranche. These measurements incorporate observable market spreads over an estimated average life after considering the inputs listed above.

Agency-issued commercial mortgage-backed securities: Fair value measurements of these securities are based on spreads to benchmark market interest rates (usually U.S. treasury rates or rates observable in the swaps market), prepayment speeds, loan default rate assumptions and loan loss severity assumptions on underlying loans.

Municipal bonds and notes: Bonds issued by municipal governments generally have stated coupon rates, final maturity dates and are subject to being called ahead of the final maturity date at the option of the issuer. Fair value measurements of these securities are priced based on spreads to other municipal benchmark bonds with similar characteristics; or, relative to market rates on U.S. treasury bonds of similar maturity.

Interest rate derivative assets and liabilities: Fair value measurements of interest rate derivatives are priced considering the coupon rate of the fixed leg of the contract and the variable coupon on the floating leg of the contract. Valuation is based on both spot and forward rates on the swap yield curve and the credit worthiness of the contract counterparty.

Foreign exchange forward and option contract assets and liabilities: Fair value measurements of these assets and liabilities are priced based on spot and forward foreign currency rates and option volatility assumptions.

Equity warrant assets (public portfolio): Fair value measurements of equity warrant assets of publicly-traded portfolio companies are valued based on the Black-Scholes option pricing model. The model uses the price of publicly-traded companies (underlying stock price), stated strike prices, warrant expiration dates, the risk-free interest rate and market-observable option volatility assumptions.

Level 3

The fair value measurement is derived from valuation techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions we believe market participants would use in pricing the asset. Below is a summary of the valuation techniques used for each class of Level 3 assets:

Venture capital and private equity fund investments: Fair value measurements are based on the net asset value per share as obtained from the investee funds' management as the funds do not have a readily determinable fair value and the funds prepare their financial statements using guidance consistent with fair value accounting. We account for differences between our measurement date and the date of the fund investment's net asset value by using the most recent available financial information from the investee general partner, adjusted for any contributions paid, distributions received from the investment, and significant fund transactions or market events during the reporting period.

Other venture capital investments: Fair value measurements are based on consideration of a range of factors including, but not limited to, the price at which the investment was acquired, the term and nature of the investment, local market conditions, values for comparable securities, and as it relates to the private company, the current and projected operating performance, exit strategies, and financing transactions subsequent to the acquisition of the investment. The significant unobservable inputs used in the fair value measurement include the information about each portfolio company, including actual and forecasted results, cash position, recent or planned transactions and market comparable companies. Significant changes to any one of these inputs in isolation could result in a significant change in the fair value measurement, however, we generally consider all factors available through ongoing communication with the portfolio companies and venture capital fund managers to determine whether there are changes to the portfolio company or the environment that indicate a change in the fair value measurement.

Other securities: Fair value measurements of equity securities of public companies are priced based on quoted market prices less a discount if the securities are subject to certain sales restrictions. Certain sales restriction discounts generally range from 10% to 20% depending on the duration of the sale restrictions which typically range from 3 to 6 months.

Equity warrant assets (public portfolio): Fair value measurements of equity warrant assets of publicly-traded portfolio companies are valued based on the Black-Scholes option pricing model. The model uses the price of publicly-traded companies (underlying stock price), stated strike prices, warrant expiration dates, the risk-free interest rate and market-observable option volatility assumptions. Modeled asset values are further adjusted by applying a discount of up to 20% for certain warrants that have certain sales restrictions or other features that indicate a discount to fair value is warranted. As sale restrictions are lifted, discounts are adjusted downward to zero percent once all restrictions expire or are removed.

Equity warrant assets (private portfolio): Fair value measurements of equity warrant assets of private portfolio companies are priced based on a modified Black-Scholes option pricing model to estimate the asset value by using stated strike prices, option expiration dates, risk-free interest rates and option volatility assumptions. Option volatility assumptions used in the modified Black-Scholes model are based on public market indices whose members operate in similar industries as companies in our private company portfolio. Option expiration dates are modified to account for estimates to actual life relative to stated expiration. Overall model asset values are further adjusted for a general lack of liquidity due to the private nature of the associated underlying company. There is a direct correlation between changes in the volatility and remaining life assumptions in isolation and the fair value measurement while there is an inverse correlation between changes in the liquidity discount assumption and the fair value measurement.

It is our policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements. When available, we use quoted market prices to measure fair value. If market prices are not available, fair value measurement is based upon valuation techniques that use primarily market-based or independently-sourced market parameters, including interest rate yield curves, prepayment speeds, option volatilities and currency rates. Substantially all of our financial instruments use the foregoing methodologies, and are categorized as a Level 1 or Level 2 measurement in the fair value hierarchy. However, in certain cases, when market observable inputs for our valuation techniques may not be readily available, we are required to make judgments about assumptions we believe market participants would use in estimating the fair value of the financial instrument, and based on the significance of those judgments, the measurement may be determined to be a Level 3 fair value measurement.

The degree of management judgment involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market parameters. For financial instruments that trade actively and have quoted market prices or observable market parameters, there is minimal subjectivity involved in measuring fair value. When observable market prices and parameters are not fully available, management judgment is necessary to estimate fair value. For

inactive markets, there is little information, if any, to evaluate if individual transactions are orderly. Accordingly, we are required to estimate, based upon all available facts and circumstances, the degree to which orderly transactions are occurring and provide more weighting to price quotes that are based upon orderly transactions. In addition, changes in the market conditions may reduce the availability of quoted prices or observable data. For example, reduced liquidity in the capital markets or changes in secondary market activities could result in observable market inputs becoming unavailable. Therefore, when market data is not available, we use valuation techniques requiring more management judgment to estimate the appropriate fair value measurement. Accordingly, the degree of judgment exercised by management in determining fair value is greater for financial assets and liabilities categorized as Level 3.

Fee-based Services Revenue Recognition

Letters of Credit and Standby Letters of Credit Fee Income

Fees generated from letters of credit and standby letters of credit are deferred as a component of other liabilities and recognized in noninterest income over the commitment period using the straight-line method, based on the likelihood that the commitment being drawn down will be remote.

Client Investment Fees

Client investment fees include fees earned from Rule 12(b)-1 fees, revenue sharing and from customer transactional based fees. Rule 12(b)-1 fees and revenue sharing are recognized as earned based on client funds that are invested in the period. Transactional based fees are earned and recognized on fixed income securities when the transaction is executed on the clients' behalf.

Foreign Exchange Fees

Foreign exchange fees represent the income differential between purchases and sales of foreign currency on behalf of our clients and are recognized as earned.

Lending Related Fees

Unused commitment fees, minimum finance fees and unused line fees are recognized as earned on a monthly and quarterly basis. Fees that qualify for syndication treatment are recognized at the completion of the syndicated loan deal for which the fees were received.

Other Fee Income

Credit card fees and deposit service charge fee income are recognized as earned on a monthly basis.

Other Service Revenue

Other service revenue primarily includes revenue from valuation services. We recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) we have performed the service, provided we have no other remaining obligations to the customer, (iii) the fee is fixed or determinable and, (iv) collectability is probable.

Fund Management Fees and Carried Interest

Fund management fees are comprised of fees charged directly to our managed funds of funds and direct venture funds. Fund management fees are based upon the contractual terms of the limited partnership agreements and are recognized as earned over the specified contract period, which is generally equal to the life of the individual fund. Fund management fees are recorded as a component of other noninterest income.

Carried interest is comprised of preferential allocations of profits recognizable when the return on assets of our individual managed funds of funds and direct venture funds exceeds certain performance targets. Carried interest is recorded quarterly based on measuring fund performance to date versus the performance target and is recorded as a component of net income attributable to noncontrolling interests.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Our federal, state and foreign income tax provisions are based upon taxes payable for the current year, current year changes in deferred taxes related to temporary differences between the tax basis and financial statement balances of assets and liabilities, and a reserve for uncertain tax positions. Deferred tax assets and liabilities are included in the consolidated financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. We file a consolidated federal income tax return, and consolidated, combined, or separate state income tax returns as appropriate. Our foreign incorporated subsidiaries file tax returns in the applicable foreign jurisdictions. We record interest and penalties related to unrecognized tax benefits in other noninterest expense, a component of consolidated net income.

Share-Based Compensation

For all stock-based awards granted, stock-based compensation expense is amortized on a straight-line basis over the requisite service period, including consideration of vesting conditions and anticipated forfeitures. The fair value of stock options are measured using the Black-Scholes option-pricing model and the fair value for restricted stock awards and restricted stock units are based on the quoted price of our common stock on the date of grant.

Earnings Per Share

Basic earnings per common share is computed using the weighted average number of common stock shares outstanding during the period. Diluted earnings per common share is computed using the weighted average number of common stock shares and potential common shares outstanding during the period. Potential common shares consist of stock options, ESPP shares and restricted stock units. Common stock equivalent shares are excluded from the computation if the effect is antidilutive.

Derivative Financial Instruments

All derivative instruments are recorded on the balance sheet at fair value. The accounting for changes in fair value of a derivative financial instrument depends on whether the derivative financial instrument is designated and qualifies as part of a hedging relationship and, if so, the nature of the hedging activity. Changes in fair value are recognized through earnings for derivatives that do not qualify for hedge accounting treatment, or that have not been designated in a hedging relationship.

Fair Value Hedges

For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the hedging instrument is recorded in the statement of income in the same line item as the hedged item and is intended to offset the loss or gain on the hedged item attributable to the hedged risk. Any difference that does arise would be the result of hedge ineffectiveness, and impacts earnings.

Equity Warrant Assets

In connection with negotiated credit facilities and certain other services, we may obtain equity warrant assets giving us the right to acquire stock in primarily private, venture-backed companies in the technology and life science & healthcare industries. We hold these assets for prospective investment gains. We do not use them to hedge any economic risks nor do we use other derivative instruments to hedge economic risks stemming from equity warrant assets.

We account for equity warrant assets in certain private and public client companies as derivatives when they contain net settlement terms and other qualifying criteria under ASC 815, *Derivatives and Hedging*. In general, equity warrant assets entitle us to buy a specific number of shares of stock at a specific price within a specific time period. Certain equity warrant assets contain contingent provisions, which adjust the underlying number of shares or purchase price upon the occurrence of certain future events. Our warrant agreements typically contain net share settlement provisions, which permit us to receive at exercise a share count equal to the intrinsic value of the warrant divided by the share price (otherwise known as a “cashless” exercise). These equity warrant assets are recorded at fair value and are classified as derivative assets, a component of other assets, on our consolidated balance sheet at the time they are obtained.

The grant date fair values of equity warrant assets received in connection with the issuance of a credit facility are deemed to be loan fees and recognized as an adjustment of loan yield through loan interest income. Similar to other loan fees, the yield adjustment related to grant date fair value of warrants is recognized over the life of that credit facility.

Any changes in fair value from the grant date fair value of equity warrant assets will be recognized as increases or decreases to other assets on our balance sheet and as net gains or losses on derivative investments, in noninterest income, a component of consolidated net income. When a portfolio company completes an IPO on a publicly reported market or is acquired, we may exercise these equity warrant assets for shares or cash.

In the event of an exercise for shares, the basis or value in the securities is reclassified from other assets to investment securities on the balance sheet on the latter of the exercise date or corporate action date. The shares in public companies are classified as available-for-sale securities (provided they do not have a significant restriction from sale). Changes in fair value of securities designated as available-for-sale, after applicable taxes, are reported in accumulated other comprehensive income, which is a separate component of SVBFG stockholders' equity. The shares in private companies are classified as non-marketable securities. We, typically, account for these securities at cost and only record adjustments to the value at the time of exit or liquidation though gains (losses) on investments securities, net, which is a component of noninterest income.

The fair value of the equity warrant assets portfolio is a critical accounting estimate and is reviewed quarterly. We value our equity warrant assets using a modified Black-Scholes option pricing model, which incorporates the following significant inputs:

- An underlying asset value, which is estimated based on current information available, including any information regarding subsequent rounds of funding.
- Stated strike price, which can be adjusted for certain warrants upon the occurrence of subsequent funding rounds or other future events.
- Price volatility or the amount of uncertainty or risk about the magnitude of the changes in the warrant price. The volatility assumption is based on historical price volatility of publicly traded companies within indices similar in nature to the underlying client companies issuing the warrant. The actual volatility input is based on the mean and median volatility for an individual public company within an index for the past 16 quarters, from which an average volatility was derived.
- Actual data on cancellations and exercises of our warrants are utilized as the basis for determining the expected remaining life of the warrants in each financial reporting period. Warrants may be exercised in the event of acquisitions, mergers or IPOs, and cancelled due to events such as bankruptcies, restructuring activities or additional financings. These events cause the expected remaining life assumption to be shorter than the contractual term of the warrants.
- The risk-free interest rate is derived from the Treasury yield curve and is calculated based on a weighted average of the risk-free interest rates that correspond closest to the expected remaining life of the warrant.
- Other adjustments, including a marketability discount, are estimated based on management's judgment about the general industry environment.

Loan Conversion Options

In connection with negotiating certain credit facilities, we occasionally extend loan facilities, which have convertible option features. The convertible loans may be converted into a certain number of shares determined by dividing the principal amount of the loan by the applicable conversion price. Because our loan conversion options have underlying and notional values, had no initial net investment and met other qualifying criteria under ASC 815, these assets qualify as derivative instruments. We value our loan conversion options using a modified Black-Scholes option pricing model, which incorporates assumptions about the underlying asset value, volatility, and the risk-free rate. Loan conversion options are recorded at fair value in other assets, while changes in their fair value are recorded through gains on derivative instruments, net, in noninterest income, a component of consolidated net income.

Foreign Exchange Forwards and Foreign Currency Option Contracts

We enter into foreign exchange forward contracts and foreign currency option contracts with clients involved in international activities, either as the purchaser or seller, depending upon the clients' need. We also enter into an opposite-way forward or option contract with a correspondent bank to economically hedge client contracts to mitigate the fair value risk to us from fluctuations in currency rates. Settlement, credit, and operational risks remain. We also enter into forward contracts with correspondent banks to economically hedge currency exposure risk related to certain foreign currency denominated loans. These

contracts are not designated as hedging instruments and are recorded at fair value in our consolidated balance sheets. The contracts generally have terms of one year or less, although we may have contracts extending for up to five years. Generally, we have not experienced nonperformance on these contracts, have not incurred credit losses, and anticipate performance by all counterparties to such agreements. Changes in the fair value of these contracts are recognized in consolidated net income under gains (losses) on derivative instruments, net, a component of noninterest income. Period-end gross positive fair values are recorded in other assets and gross negative fair values are recorded in other liabilities.

Interest Rate Contracts

We sell interest rate contracts to clients who wish to mitigate their interest rate exposure. We economically reduce the interest rate risk from this business by entering into opposite way contracts with correspondent banks. We do not designate any of these contracts (which are derivative instruments) as qualifying for hedge accounting. Contracts in an asset position are included in other assets and contracts in a liability position are included in other liabilities. The net change in the fair value of these derivatives is recorded through net gains on derivative instruments, in noninterest income, a component of consolidated net income.

Adoption of New Accounting Standards

In June 2013, the FASB issued a new accounting standard (ASU No. 2013-08, Amendments to the Scope, Measurement and Disclosure Requirement for Investment Companies) which modified the guidance in ASC 946 for determining whether an entity is an investment company, as well as the measurement and disclosure requirements for investment companies. The ASU does not change current accounting where a noninvestment company parent retains the specialized accounting applied by an investment company subsidiary in consolidation. ASU 2013-08 was effective on a prospective basis for the interim and annual reporting periods beginning after December 15, 2013, and was therefore adopted in the first quarter of 2014. This standard did not have any impact on our financial position, results of operations or stockholders' equity.

In July 2013, the FASB issued a new accounting standard (ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists) which requires an unrecognized tax benefit to be presented as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward that the entity intends to use and is available for settlement at the reporting date. ASU 2013-11 was effective for, and adopted by the Company, in the first quarter of 2014. The adoption of ASU 2013-11 did not have a material impact on the Company’s consolidated financial position, results of operations or stockholders' equity.

In April 2014, the FASB issued a new accounting standard (ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity) which changes the criteria for reporting discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Additionally, the new guidance requires expanded disclosures about the assets, liabilities, income, and expenses of discontinued operations and requires disclosures of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting. The amendments in this Update are effective for fiscal years beginning after December, 15, 2014, with early adoption permitted only for disposals or classifications as held for sale that have not been previously reported. The Company has early adopted this ASU as a result of the pending sale of SVBIF at December 31, 2014, and has reported an impairment loss on the sale of assets in other noninterest income. The adoption of this ASU modified the disclosure requirements for discontinued operations and did not have any impact on our financial position, results of operations or stockholders’ equity.

Recent Accounting Pronouncements

In January 2014, the FASB issued a new accounting standard (ASU 2014-01, Investments - Equity Method and Joint Ventures (topic 323), Accounting for Investments in Qualified Affordable Housing Projects), which is effective for us for interim and annual reporting periods beginning after December 15, 2014. Any transition adjustment would be reflected as an adjustment to retained earnings in the earliest period presented (retrospective application). The ASU will be applicable to our portfolio of low income housing tax credit ("LIHTC") partnership interests. The new standard widens the scope of investments eligible to elect to apply a new alternative method, the proportional amortization method, under which the cost of the investment is amortized to tax expense in proportion to the amount of tax credits and other tax benefits received. We anticipate that our entire LIHTC portfolio will qualify to elect the proportional amortization method under the ASU. These investments are currently accounted for under the cost and equity methods, which results in losses (due to the amortization of the investment) being recognized in other noninterest expense and tax credits and benefits being recognized in income tax expense. In contrast, the proportional

amortization method combines the amortization of the investment and receipt of the tax credits/benefits into one line, income tax expense. The adoption of this ASU is estimated to reduce retained earnings by approximately $5.0 million, primarily related to a reduction in deferred tax assets. On a prospective basis, the Company's operating expenses will be lower by approximately $10.0 million, annually based on current LIHTC investments, as the amortization expense of the investments will be reclassed and netted within the tax expense line.

In May 2014, the FASB issued a new accounting standard (ASU 2014-09, Revenue from Contracts with Customers (Topic 606)), which provides revenue recognition guidance that is intended to create greater consistency with respect to how and when revenue from contracts with customers is shown in the income statement. The guidance requires that revenue from contracts with customers be recognized upon delivery of a good or service based on the amount of consideration expected to be received, and requires additional disclosures about revenue. The guidance will be effective on a retrospective basis beginning on January 1, 2017. We do not expect the adoption of this guidance to have a material impact on our financial position, results of operations or stockholders' equity.

In August 2014, the FASB issued a new accounting standard (ASU 2014-15, Going Concern (Topic 205-40)), which requires management to evaluate for each annual and interim reporting period whether there is substantial doubt about an entity's ability to continue as a going concern. The guidance will be effective for annual and quarterly periods ending after December 15, 2016 with early adoption permitted. We are currently developing processes and controls to adopt this guidance by the adoption period and do not expect the adoption of this guidance to have a material impact on our financial position, results of operations or stockholders' equity.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentations.

3. Stockholders' Equity and EPS

Common Stock

In the second quarter of 2014, to support the continued growth of our balance sheet, we completed a registered public offering of 4,485,000 shares of our common stock at an offering price of $101.00 per share. We received net proceeds of $434.9 million after deducting underwriting discounts and commissions.

Stockholders' Rights Plan

Our Board of Directors (the "Board") had previously adopted a stockholders' rights plan (the "Rights Plan") to, among other things, protect our stockholders from coercive takeover tactics. The Rights Plan expired on January 31, 2014. It was not renewed or extended by our Board of Directors.

Accumulated Other Comprehensive Income

The following table summarizes the items reclassified out of accumulated other comprehensive income (loss) into the Consolidated Statements of Income for 2014, 2013, and 2012:

		Year ended December 31,		
(Dollars in thousands)	Income Statement Location	2014	2013	2012
Reclassification adjustment for losses (gains) included in net income	Gains on investment securities, net	$ 18,598	$ (538)	$ (4,241)
Related tax (benefit) expense	Income tax expense	(7,510)	218	1,661
Total reclassification adjustment for losses (gains) included in net income, net of tax		$ 11,088	$ (320)	$ (2,580)

EPS

Basic EPS is the amount of earnings available to each share of common stock outstanding during the reporting period. Diluted EPS is the amount of earnings available to each share of common stock outstanding during the reporting period adjusted to include the effect of potentially dilutive common shares. Potentially dilutive common shares include incremental shares issued for stock option and restricted stock unit awards outstanding under our equity incentive plan and our ESPP. Potentially dilutive

common shares are excluded from the computation of dilutive EPS in periods in which the effect would be antidilutive. The following is a reconciliation of basic EPS to diluted EPS for 2014, 2013 and 2012:

	Year ended December 31,		
(Dollars and shares in thousands, except per share amounts)	2014	2013	2012
Numerator:			
Net income available to common stockholders	$ 263,925	$ 215,853	$ 175,103
Denominator:			
Weighted average common shares outstanding-basic	48,931	45,309	44,242
Weighted average effect of dilutive securities:			
Stock options and ESPP	485	431	370
Restricted stock units	246	204	152
Denominator for diluted calculation	49,662	45,944	44,764
Earnings per common share:			
Basic	$ 5.39	$ 4.76	$ 3.96
Diluted	$ 5.31	$ 4.70	$ 3.91

The following table summarizes the weighted-average common shares excluded from the diluted EPS calculation as they were deemed to be antidilutive for 2014, 2013 and 2012:

	Year ended December 31,		
(Shares in thousands)	2014	2013	2012
Stock options	161	261	695
Restricted stock units	—	105	—
Total	161	366	695

4. Share-Based Compensation

Share-based compensation expense was recorded net of estimated forfeitures for 2014, 2013 and 2012, such that expense was recorded only for those share-based awards that are expected to vest. In 2014, 2013 and 2012, we recorded share-based compensation and related benefits as follows:

	Year ended December 31,		
(Dollars in thousands)	2014	2013	2012
Share-based compensation expense	$ 29,545	$ 25,413	$ 21,861
Income tax benefit related to share-based compensation expense	(9,923)	(7,989)	(6,011)
Capitalized compensation costs	2,048	2,809	2,647

Equity Incentive Plan

On May 11, 2006, our stockholders approved the 2006 Equity Incentive Plan (the "2006 Incentive Plan"). Our previous 1997 Equity Incentive Plan expired in December 2006. The 2006 Incentive Plan provides for the grant of various types of incentive awards, of which the following have been granted: (i) stock options; (ii) restricted stock awards; (iii) restricted stock units; and (iv) other cash or stock settled equity awards.

Subject to the provisions of Section 16 of the 2006 Incentive Plan, the maximum aggregate number of shares that may be awarded and sold thereunder is 7,543,321.

Restricted stock awards and restricted stock units will be counted against the available-for-issuance limits of the 2006 Incentive Plan as two shares for every one share awarded. Further, if shares acquired under any such award are forfeited or otherwise canceled and would otherwise return to the 2006 Incentive Plan, two times the number of such forfeited or repurchased shares will return to the 2006 Incentive Plan and will again become available for issuance.

Eligible participants in the 2006 Incentive Plan include directors, employees, and consultants. Options granted under the 2006 Incentive Plan expire seven years after the grant date. Options generally vest annually over four years, from the grant date based on continued employment. Restricted stock awards and units also generally vest annually over four years and require continued employment or other service through the vesting period. Performance-based restricted stock units generally vest upon meeting certain performance-based objectives and, typically the passage of time and require continued employment or other service through the vesting period. The vesting period for restricted stock units cannot be less than three years unless they are subject to certain performance-based objectives, in which case the vesting period can be 12 months or longer.

Employee Stock Purchase Plan

We maintain the 1999 ESPP under which participating employees may annually contribute up to 10 percent of their gross compensation (not to exceed $25,000) to purchase shares of our common stock at 85 percent of its fair market value at either the beginning or end of each six-month offering period, whichever price is less. To be eligible to participate in the ESPP, an employee must, among other requirements, be employed by the Company on both the date of offering and date of purchase, and be employed customarily for at least 20 hours per week and at least five months per calendar year. We issued 130,110 shares and received $11.9 million in cash under the ESPP in 2014. At December 31, 2014, a total of 566,199 shares of our common stock were still available for future issuance under the ESPP.

Unrecognized Compensation Expense

As of December 31, 2014, unrecognized share-based compensation expense was as follows:

(Dollars in thousands)	Unrecognized Expense	Average Expected Recognition Period - in Years
Stock options	$ 14,341	2.51
Restricted stock units	30,706	2.42
Total unrecognized share-based compensation expense	$ 45,047	

Valuation Assumptions

The fair values of share-based awards for employee stock options and employee stock purchases made under our ESPP were estimated using the Black-Scholes option pricing model. The fair values of restricted stock units were based on our closing stock price on the date of grant. The following weighted average assumptions and fair values were used for our employee stock options and restricted stock units:

Equity incentive plan awards	2014	2013	2012
Weighted average expected term of options in years	4.6	4.7	4.6
Weighted average expected volatility of the Company's underlying common stock	35.9%	44.6%	50.4%
Risk-free interest rate	1.72	0.70	0.83
Expected dividend yield	—	—	—
Weighted average grant date fair value-stock options	$ 35.65	$ 27.28	$ 27.00
Weighted average grant date fair value-restricted stock units	107.76	71.57	63.07

The following weighted average assumptions and fair values were used for our ESPP:

ESPP	2014	2013	2012
Expected term in years	0.5	0.5	0.5
Weighted average expected volatility of the Company's underlying common stock	23.7%	22.3%	43.5%
Risk-free interest rate	0.08	0.11	0.11
Expected dividend yield	—	—	—
Weighted average fair value	$ 24.00	$ 15.35	$ 14.43

The expected term is based on the implied term of the stock options using factors based on historical exercise behavior.

The expected volatilities are based on a blended rate consisting of our historic volatility and our expected volatility over a five-year term which is an indicator of expected volatility and future stock price trends. For 2014, 2013 and 2012, expected volatilities for the ESPP were equal to the historical volatility for the previous six-month periods. The expected risk-free interest rates were based on the yields of U.S. Treasury securities, as reported by the Federal Reserve Bank of New York, with maturities equal to the expected terms of the employee stock options.

Share-Based Payment Award Activity

The table below provides stock option information related to the 2006 Equity Incentive Plan for the year ended December 31, 2014:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value of In-The-Money Options
Outstanding at December 31, 2013	1,514,159	$ 55.27		
Granted	249,303	108.05		
Exercised	(330,898)	47.70		
Forfeited	(37,676)	72.45		
Outstanding at December 31, 2014	1,394,888	66.03	4.09	$ 69,834,175
Vested and expected to vest at December 31, 2014	1,352,289	65.35	4.04	68,622,901
Exercisable at December 31, 2014	687,696	50.60	2.89	45,022,407

The aggregate intrinsic value of outstanding options shown in the table above represents the pretax intrinsic value based on our closing stock price of $116.07 as of December 31, 2014. The following table summarizes information regarding stock options outstanding as of December 31, 2014:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$19.48-45.15	139,582	1.55	$ 23.86	137,576	$ 23.63
45.16-49.01	101,374	1.64	46.98	99,564	46.98
49.02-60.14	162,117	2.66	50.89	145,697	50.24
60.15-60.51	191,999	3.32	60.37	127,497	60.37
60.52-64.40	269,220	4.33	64.31	114,437	64.30
64.41-67.77	2,842	4.25	64.43	884	64.43
67.78-73.76	274,906	5.33	71.11	60,161	71.11
73.77-107.93	31,639	6.31	99.24	1,880	85.15
107.94-122.55	221,209	6.36	108.43	—	—
	1,394,888	4.09	66.03	687,696	50.60

We expect to satisfy the exercise of stock options by issuing shares registered under the 2006 Incentive Plan. All future awards of stock options and restricted stock units will be issued from the 2006 Incentive Plan. At December 31, 2014, 3,208,414 shares were available for future issuance.

The table below provides information for restricted stock units under the 2006 Equity Incentive Plan for the year ended December 31, 2014:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2013	682,347	$ 65.93
Granted	201,464	107.76
Vested	(233,759)	63.89
Forfeited	(35,386)	74.39
Nonvested at December 31, 2014	614,666	79.92

The following table summarizes information regarding stock option and restricted stock activity during 2014, 2013 and 2012:

	Year ended December 31,		
(Dollars in thousands)	2014	2013	2012
Total intrinsic value of stock options exercised	$ 21,288	$ 25,520	$ 17,419
Total grant date fair value of stock options vested	20,291	18,168	17,169
Total intrinsic value of restricted stock vested	25,453	14,176	12,747
Total grant date fair value of restricted stock vested	14,935	10,940	10,176

5. Reserves on Deposit with the Federal Reserve Bank and Federal Bank Stock

The Bank is required to maintain reserves against customer deposits by keeping balances with the Federal Reserve. The cash balances at the Federal Reserve are classified as cash and cash equivalents. Additionally, as a member of the FHLB and FRB, we are required to hold shares of FHLB and FRB stock under the Bank's borrowing agreement. FHLB and FRB stock are recorded at cost as a component of other assets, and any cash dividends received are recorded as a component of other noninterest income.

The tables below provide information on the required reserve balances at the Federal Reserve, as well as shares held at the FHLB and FRB for the years ended and as of December 31, 2014 and 2013:

	Year ended December 31,	
(Dollars in thousands)	2014	2013
Average required reserve balances at FRB San Francisco	$ 168,387	$ 131,374

	December 31,	
(Dollars in thousands)	2014	2013
FHLB stock holdings	$ 25,000	$ 25,000
FRB stock holdings	28,496	15,632

6. Cash and Cash Equivalents

The following table details our cash and cash equivalents at December 31, 2014 and December 31, 2013:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Cash and due from banks (1)	$ 1,694,329	$ 1,349,688
Securities purchased under agreements to resell (2)	95,611	172,989
Other short-term investment securities	6,122	16,102
Total cash and cash equivalents	$ 1,796,062	$ 1,538,779

(1) At December 31, 2014 and 2013, $861 million and $715 million, respectively, of our cash and due from banks was deposited at the FRB and was earning interest at the Federal Funds target rate, and interest-earning deposits in other financial institutions were $440 million and $300 million, respectively.

(2) At December 31, 2014 and 2013, securities purchased under agreements to resell were collateralized by U.S. Treasury securities and U.S. agency securities with aggregate fair values of $98 million and $176 million, respectively. None of these securities were sold or repledged as of December 31, 2014 and 2013.

Additional information regarding our securities purchased under agreements to resell for 2014 and 2013 is as follows:

	Year Ended December 31,	
(Dollars in thousands)	2014	2013
Average securities purchased under agreements to resell	$ 108,910	$ 96,309
Maximum amount outstanding at any month-end during the year	283,215	338,687

7. Investment Securities

Our investment securities portfolio consists of an available-for-sale securities portfolio and a held-to-maturity securities portfolio, both of which represent interest-earning investment securities, and a non-marketable and other securities portfolio, which primarily represents investments managed as part of our funds management business.

Available-for-Sale Securities

The major components of our available-for-sale investment securities portfolio at December 31, 2014 and December 31, 2013 are as follows:

	December 31, 2014			
(Dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Carrying Value
Available-for-sale securities, at fair value:				
U.S. treasury securities	$ 7,289,135	$ 17,524	$ (4,386)	$ 7,302,273
U.S. agency debentures	3,540,055	30,478	(8,977)	3,561,556
Residential mortgage-backed securities:				
Agency-issued collateralized mortgage obligations—fixed rate	1,884,450	14,851	(14,458)	1,884,843
Agency-issued collateralized mortgage obligations—variable rate	779,103	5,372	—	784,475
Equity securities	5,202	2,628	(322)	7,508
Total available-for-sale securities	$ 13,497,945	$ 70,853	$ (28,143)	$ 13,540,655

(Dollars in thousands)	December 31, 2013			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Carrying Value
Available-for-sale securities, at fair value:				
U.S. agency debentures	$ 4,344,652	$ 41,365	$ (40,785)	$ 4,345,232
Residential mortgage-backed securities:				
Agency-issued mortgage-backed securities	2,472,528	17,189	(16,141)	2,473,576
Agency-issued collateralized mortgage obligations—fixed rate	3,386,670	24,510	(85,422)	3,325,758
Agency-issued collateralized mortgage obligations—variable rate	1,183,333	3,363	(123)	1,186,573
Agency-issued commercial mortgage-backed securities	581,475	552	(17,423)	564,604
Municipal bonds and notes	82,024	4,024	(21)	86,027
Equity securities	4,842	692	(483)	5,051
Total available-for-sale securities	$ 12,055,524	$ 91,695	$ (160,398)	$ 11,986,821

The following table summarizes our unrealized losses on our available-for-sale securities portfolio into categories of less than 12 months, or 12 months or longer as of December 31, 2014:

(Dollars in thousands)	December 31, 2014					
	Less than 12 months		12 months or longer		Total	
	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses
Available-for-sale securities:						
U.S. treasury securities	$ 2,297,895	$ (4,386)	$ —	$ —	$ 2,297,895	$ (4,386)
U.S. agency debentures	249,266	(489)	507,385	(8,488)	756,651	(8,977)
Residential mortgage-backed securities:						
Agency-issued collateralized mortgage obligations—fixed rate	662,092	(3,104)	453,801	(11,354)	1,115,893	(14,458)
Equity securities	568	(322)	—	—	568	(322)
Total temporarily impaired securities (1)	$ 3,209,821	$ (8,301)	$ 961,186	$ (19,842)	$ 4,171,007	$ (28,143)

(1) As of December 31, 2014, we identified a total of 115 investments that were in unrealized loss positions, of which 33 investments totaling $961.2 million with unrealized losses of $19.8 million have been in an impaired position for a period of time greater than 12 months. As of December 31, 2014, we do not intend to sell any impaired fixed income investment securities prior to recovery of our adjusted cost basis, and it is more likely than not that we will not be required to sell any of our securities prior to recovery of our adjusted cost basis. Based on our analysis as of December 31, 2014, we deem all impairments to be temporary, and therefore changes in value for our temporarily impaired securities as of the same date are included in other comprehensive income. Market valuations and impairment analyses on assets in the available-for-sale securities portfolio are reviewed and monitored on a quarterly basis.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table summarizes our unrealized losses on our available-for-sale securities portfolio into categories of less than 12 months, or 12 months or longer as of December 31, 2013:

	December 31, 2013					
	Less than 12 months		12 months or longer		Total	
(Dollars in thousands)	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses
Available-for-sale securities:						
U.S. agency debentures	$ 1,821,045	$ (40,785)	$ —	$ —	$ 1,821,045	$ (40,785)
Residential mortgage-backed securities:						
Agency-issued mortgage-backed securities	1,480,870	(14,029)	19,830	(2,112)	1,500,700	(16,141)
Agency-issued collateralized mortgage obligations—fixed rate	2,098,137	(79,519)	134,420	(5,903)	2,232,557	(85,422)
Agency-issued collateralized mortgage obligations—variable rate	109,699	(123)	—	—	109,699	(123)
Agency-issued commercial mortgage-backed securities	464,171	(17,423)	—	—	464,171	(17,423)
Municipal bonds and notes	3,404	(21)	—	—	3,404	(21)
Equity securities	910	(483)	—	—	910	(483)
Total temporarily impaired securities	$ 5,978,236	$ (152,383)	$ 154,250	$ (8,015)	$ 6,132,486	$ (160,398)

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table summarizes the remaining contractual principal maturities and fully taxable equivalent yields on fixed income securities classified as available-for-sale as of December 31, 2014. The weighted average yield is computed using the amortized cost of fixed income investment securities, which are reported at fair value. For U.S. Treasury securities, the expected maturity is the actual contractual maturity of the notes. Expected remaining maturities for certain U.S. agency debentures may occur earlier than their contractual maturities because the note issuers have the right to call outstanding amounts ahead of their contractual maturity. Expected maturities for mortgage-backed securities may differ significantly from their contractual maturities because mortgage borrowers have the right to prepay outstanding loan obligations with or without penalties. Mortgage-backed securities classified as available-for-sale typically have original contractual maturities from 10 to 30 years whereas expected average lives of these securities tend to be significantly shorter and vary based upon structure and prepayments in lower rate environments.

	December 31, 2014									
	Total		One Year or Less		After One Year to Five Years		After Five Years to Ten Years		After Ten Years	
(Dollars in thousands)	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield
U.S. treasury securities	$ 7,302,273	1.08%	$ 200,098	0.20%	$6,406,273	1.02%	$ 695,902	1.99%	$ —	—%
U.S. agency debentures	3,561,556	1.64	869,463	1.78	2,276,819	1.46	415,274	2.36	—	—
Residential mortgage-backed securities:										
Agency-issued collateralized mortgage obligations - fixed rate	1,884,843	2.00	—	—	—	—	527,216	2.57	1,357,627	1.79
Agency-issued collateralized mortgage obligations - variable rate	784,475	0.71	—	—	—	—	—	—	784,475	0.71
Total	$13,533,147	1.34	$1,069,561	1.48	$8,683,092	1.13	$1,638,392	2.27	$2,142,102	1.39

Held-to-Maturity Securities

During the second quarter of 2014, we re-designated certain securities from the classification of “available-for-sale” to “held-to-maturity." The securities re-designated primarily consisted of agency-issued mortgage securities and collateralized mortgage obligations ("CMOs") with a total carrying value of $5.4 billion at June 1, 2014. At the time of re-designation the securities had net unrealized gains totaling $22.5 million, net of tax, recorded in other comprehensive income and are being amortized over the life of the securities in a manner consistent with the amortization of a premium or discount. Our decision to re-designate the securities was based on our ability and intent to hold these securities to maturity. Factors used in assessing the ability to hold these securities to maturity were future liquidity needs and sources of funding. Held-to-maturity securities are carried on the balance sheet at amortized cost and the changes in the value of these securities, other than impairment charges, are not reported on the financial statements.

The major components of our held-to-maturity investment securities portfolio at December 31, 2014 are as follows:

	December 31, 2014			
(Dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Held-to-maturity securities, at cost:				
U.S. agency debentures (1)	$ 405,899	$ 4,589	$ (38)	$ 410,450
Residential mortgage-backed securities:				
Agency-issued mortgage-backed securities	2,799,923	5,789	(2,320)	2,803,392
Agency-issued collateralized mortgage obligations—fixed rate	3,185,109	4,521	(14,885)	3,174,745
Agency-issued collateralized mortgage obligations—variable rate	131,580	371	—	131,951
Agency-issued commercial mortgage-backed securities	814,589	1,026	(3,800)	811,815
Municipal bonds and notes	83,942	18	(657)	83,303
Total held-to-maturity securities	$ 7,421,042	$ 16,314	$ (21,700)	$ 7,415,656

(1) Consists of pools of Small Business Investment Company debentures issued and guaranteed by the U.S. Small Business Administration, an independent agency of the United States.

The following table summarizes our unrealized losses on our held-to-maturity securities portfolio into categories of less than 12 months and 12 months or longer as of December 31, 2014:

	December 31, 2014					
	Less than 12 months		12 months or longer (1)		Total	
(Dollars in thousands)	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses
Held-to-maturity securities:						
U.S. agency debentures	$ 48,335	$ (38)	$ —	$ —	$ 48,335	$ (38)
Residential mortgage-backed securities:						
Agency-issued mortgage-backed securities	999,230	(2,320)	—	—	999,230	(2,320)
Agency-issued collateralized mortgage obligations—fixed rate	1,682,348	(9,705)	783,558	(5,180)	2,465,906	(14,885)
Agency-issued commercial mortgage-backed securities	629,840	(3,800)	—	—	629,840	(3,800)
Municipal bonds and notes	79,141	(657)	—	—	79,141	(657)
Total temporarily impaired securities (2):	$ 3,438,894	$ (16,520)	$ 783,558	$ (5,180)	$ 4,222,452	$ (21,700)

(1) Represents securities in an unrealized loss position for twelve months or longer in which the amortized cost basis was re-set for those securities re-designated from AFS to HTM effective June 1, 2014.

(2) As of December 31, 2014, we identified a total of 292 investments that were in unrealized loss positions, of which 26 investments totaling $783.6 million with unrealized losses of $5.2 million have been in an impaired position for a period of time greater than 12 months. As of December 31, 2014, we do not intend to sell any impaired fixed income investment securities prior to recovery of our adjusted cost basis, and it is more likely than not that we will not be required to sell any of our securities prior to recovery of our adjusted cost basis, which is consistent with our classification of these securities. Based on our analysis as of December 31, 2014, we deem all impairments to be temporary. Market valuations and impairment analyses on assets in the held-to-maturity securities portfolio are reviewed and monitored on a quarterly basis.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table summarizes the remaining contractual principal maturities and fully taxable equivalent yields on fixed income investment securities classified as held-to-maturity as of December 31, 2014. Interest income on certain municipal bonds and notes (non-taxable investments) are presented on a fully taxable equivalent basis using the federal statutory tax rate of 35.0 percent. The weighted average yield is computed using the amortized cost of fixed income investment securities, which are reported at fair value. Expected remaining maturities for certain U.S. agency debentures may occur earlier than their contractual maturities because the note issuers have the right to call outstanding amounts ahead of their contractual maturity. Expected maturities for mortgage-backed securities may differ significantly from their contractual maturities because mortgage borrowers have the right to prepay outstanding loan obligations with or without penalties. Mortgage-backed securities classified as held-to-maturity typically have original contractual maturities from 10 to 30 years whereas expected average lives of these securities tend to be significantly shorter and vary based upon structure and prepayments in lower rate environments.

	December 31, 2014									
	Total		One Year or Less		After One Year to Five Years		After Five Years to Ten Years		After Ten Years	
(Dollars in thousands)	Amortized Cost	Weighted-Average Yield	Amortized Cost	Weighted-Average Yield	Amortized Cost	Weighted-Average Yield	Amortized Cost	Weighted-Average Yield	Amortized Cost	Weighted-Average Yield
U.S. agency debentures	$ 405,899	2.87%	$ —	—%	$ —	—%	$ 405,899	2.87%	$ —	—%
Residential mortgage-backed securities:										
Agency-issued mortgage-backed securities	2,799,923	2.42	—	—	43,809	2.39	853,331	2.21	1,902,783	2.51
Agency-issued collateralized mortgage obligations - fixed rate	3,185,109	1.68	—	—	—	—	—	—	3,185,109	1.68
Agency-issued collateralized mortgage obligations - variable rate	131,580	0.65	—	—	—	—	—	—	131,580	0.65
Agency-issued commercial mortgage-backed securities	814,589	2.15	—	—	—	—	—	—	814,589	2.15
Municipal bonds and notes	83,942	6.00	3,442	5.37	30,985	5.86	39,904	6.10	9,611	6.27
Total	$7,421,042	2.10	$ 3,442	5.37	$ 74,794	3.83	$1,299,134	2.54	$6,043,672	1.99

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Non-marketable and Other Securities

The major components of our non-marketable and other investment securities portfolio at December 31, 2014 and December 31, 2013 are as follows:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Non-marketable and other securities:		
Non-marketable securities (fair value accounting):		
Venture capital and private equity fund investments (1)	$ 1,130,882	$ 862,972
Other venture capital investments (2)	71,204	32,839
Other securities (fair value accounting) (3)	108,251	321,374
Non-marketable securities (equity method accounting):		
Other investments (4)	142,674	142,883
Low income housing tax credit funds	118,650	72,241
Non-marketable securities (cost method accounting):		
Venture capital and private equity fund investments (5)	140,551	148,994
Other investments	16,676	14,191
Total non-marketable and other securities	$ 1,728,888	$ 1,595,494

(1) The following table shows the amounts of venture capital and private equity fund investments held by the following consolidated funds and our ownership percentage of each fund at December 31, 2014 and December 31, 2013 (fair value accounting):

	December 31, 2014		December 31, 2013	
(Dollars in thousands)	Amount	Ownership %	Amount	Ownership %
SVB Strategic Investors Fund, LP	$ 24,645	12.6%	$ 29,104	12.6%
SVB Strategic Investors Fund II, LP	97,250	8.6	96,185	8.6
SVB Strategic Investors Fund III, LP	269,821	5.9	260,272	5.9
SVB Strategic Investors Fund IV, LP	291,291	5.0	226,729	5.0
Strategic Investors Fund V Funds	226,111	Various	118,181	Various
Strategic Investors Fund VI Funds	89,605	—	7,944	0.2
SVB Capital Preferred Return Fund, LP	62,110	20.0	59,028	20.0
SVB Capital—NT Growth Partners, LP	61,973	33.0	61,126	33.0
SVB Capital Partners II, LP (i)	302	5.1	708	5.1
Other private equity fund (ii)	7,774	58.2	3,695	58.2
Total venture capital and private equity fund investments	$ 1,130,882		$ 862,972	

(i) At December 31, 2014, we had a direct ownership interest of 1.3 percent and an indirect ownership interest of 3.8 percent in the fund through our ownership interest of SVB Strategic Investors Fund II, LP.

(ii) At December 31, 2014, we had a direct ownership interest of 41.5 percent and indirect ownership interests of 12.6 percent and 4.1 percent in the fund through our ownership interest of SVB Capital—NT Growth Partners, LP and SVB Capital Preferred Return Fund, LP, respectively.

(2) The following table shows the amounts of other venture capital investments held by the following consolidated funds and our ownership percentage of each fund at December 31, 2014 and December 31, 2013 (fair value accounting):

	December 31, 2014		December 31, 2013	
(Dollars in thousands)	Amount	Ownership %	Amount	Ownership %
Silicon Valley BancVentures, LP	$ 3,291	10.7%	$ 6,564	10.7%
SVB Capital Partners II, LP (i)	20,481	5.1	22,684	5.1
Capital Partners III, LP	41,055	—	—	—
SVB Capital Shanghai Yangpu Venture Capital Fund	6,377	6.8	3,591	6.8
Total other venture capital investments	$ 71,204		$ 32,839	

(i) At December 31, 2014, we had a direct ownership interest of 1.3 percent and an indirect ownership interest of 3.8 percent in the fund through our ownership of SVB Strategic Investors Fund II, LP.

(3) Investments classified as other securities (fair value accounting) represent direct equity investments in public companies held by our consolidated funds. At December 31, 2014, the amount primarily includes total unrealized gains of $75 million in one public company, FireEye. The extent to which any unrealized gains (or losses) will become realized is subject to a variety of factors, including, among other things, changes in prevailing market prices and the timing of any sales or distribution of securities and may also be constrained by lock-up agreements. None of the FireEye related investments currently are subject to a lock-up agreement.

(4) The following table shows the carrying value and our ownership percentage of each investment at December 31, 2014 and December 31, 2013 (equity method accounting):

	December 31, 2014		December 31, 2013	
(Dollars in thousands)	Amount	Ownership %	Amount	Ownership %
Gold Hill Capital 2008, LP (i)	$ 21,294	15.5%	$ 21,867	15.5%
China Joint Venture investment	79,569	50.0	79,940	50.0
Other investments	41,811	Various	41,076	Various
Total other investments (equity method accounting)	$ 142,674		$ 142,883	

(i) At December 31, 2014, we had a direct ownership interest of 11.5 percent in the fund and an indirect interest in the fund through our investment in Gold Hill Capital 2008, LLC of 4.0 percent.

(5) Represents investments in 281 and 288 funds (primarily venture capital funds) at December 31, 2014 and December 31, 2013, respectively, where our ownership interest is less than 5% of the voting interests of each such fund and in which we do not have the ability to exercise significant influence over the partnerships operating activities and financial policies. The carrying value, and estimated fair value, of these venture capital and private equity fund investments (cost method accounting) was $141 million, and $234 million, respectively, as of December 31, 2014. The carrying value, and estimated fair value, of the venture capital and private equity fund investments (cost method accounting) was $149 million, and $215 million, respectively, as of December 31, 2013.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table presents the components of gains and losses (realized and unrealized) on investment securities in 2014, 2013 and 2012:

	Year ended December 31,		
(Dollars in thousands)	2014	2013	2012
Gross gains on investment securities:			
Available-for-sale securities, at fair value (1)	$ 658	$ 3,887	$ 6,380
Marketable securities (fair value accounting)	—	—	8,863
Non-marketable securities (fair value accounting):			
Venture capital and private equity fund investments	349,747	186,404	107,507
Other venture capital investments	17,309	9,241	58,409
Other investments	—	—	21
Other securities (fair value accounting)	151,007	227,252	—
Non-marketable securities (equity method accounting):			
Other investments	10,937	18,235	16,923
Non-marketable securities (cost method accounting):			
Venture capital and private equity fund investments	16,001	10,081	3,503
Other investments	5,794	431	1,715
Total gross gains on investment securities	551,453	455,531	203,321
Gross losses on investment securities:			
Available-for-sale securities, at fair value (1)	(19,255)	(3,349)	(2,139)
Marketable securities (fair value accounting)	—	—	(1,675)
Non-marketable securities (fair value accounting):			
Venture capital and private equity fund investments	(86,263)	(17,185)	(63,146)
Other venture capital investments	(4,516)	(3,496)	(11,062)
Other securities (fair value accounting)	(170,890)	(2,962)	—
Non-marketable securities (equity method accounting):			
Other investments	(2,320)	(3,111)	(1,987)
Non-marketable securities (cost method accounting):			
Venture capital and private equity fund investments (2)	(827)	(1,700)	(1,079)
Other investments (3)	(359)	(4,320)	(119)
Total gross losses on investment securities	(284,430)	(36,123)	(81,207)
Gains on investment securities, net	$ 267,023	$ 419,408	$ 122,114

(1) Includes realized gains (losses) on sales of available-for-sale securities that are recognized in the income statement. Unrealized gains (losses) on available-for-sale securities are recognized in other comprehensive income. The cost basis of available-for-sale securities sold is determined on a specific identification basis.

(2) Includes OTTI of $0.8 million from the declines in value for 27 of the 281 investments, $1.4 million from the declines in value for 43 of the 288 investments, and $1.0 million from the declines in value for 46 of the 324 investments held at December 31, 2014, 2013, and 2012, respectively. We concluded that any declines in value for the remaining investments were temporary, and as such, no OTTI was required to be recognized.

(3) No OTTI was recognized for the year ended December 31, 2014. We concluded that any declines in value for the investments were temporary, and as such, no OTTI was required to be recognized. There was $3.9 million of OTTI recognized for the year ended December 31, 2013 on a single direct equity investment and there was no recognized OTTI for the year ended December 31, 2012.

8. Loans and Allowance for Loan Losses

We serve a variety of commercial clients in the technology, life science & healthcare, private equity/venture capital and premium wine industries. Our technology clients generally tend to be in the industries of hardware (semiconductors, communications and electronics), software and related services, and energy and resource innovation. Because of the diverse nature of ERI products and services, for our loan-related reporting purposes, ERI-related loans are reported under our hardware, software and internet, life science & healthcare and other commercial loan categories, as applicable. Our life science & healthcare clients primarily tend to be in the industries of biotechnology, medical devices, healthcare information technology and healthcare services. Loans made to private equity/venture capital firm clients typically enable them to fund investments prior to their receipt of funds from capital calls. Loans to the premium wine industry focus on vineyards and wineries that produce grapes and wines of high quality.

In addition to commercial loans, we make consumer loans through SVB Private Bank and provide real estate secured loans to eligible employees through our EHOP. Our private banking clients are primarily private equity/venture capital professionals and executive leaders in the innovation companies they support. These products and services include real estate secured home equity lines of credit, which may be used to finance real estate investments and loans used to purchase, renovate or refinance personal residences. These products and services also include restricted stock purchase loans and capital call lines of credit.

We also provide community development loans made as part of our responsibilities under the Community Reinvestment Act. These loans are included within "Construction loans" below and are primarily secured by real estate.

The composition of loans, net of unearned income of $104 million and $89 million at December 31, 2014 and 2013, respectively, is presented in the following table:

	December 31,	
(Dollars in thousands)	2014	2013
Commercial loans:		
Software and internet	$ 4,954,676	$ 4,102,636
Hardware	1,131,006	1,213,032
Private equity/venture capital	4,582,906	2,386,054
Life science & healthcare	1,289,904	1,170,220
Premium wine	187,568	149,841
Other	234,551	288,904
Total commercial loans	12,380,611	9,310,687
Real estate secured loans:		
Premium wine (1)	606,753	514,993
Consumer loans (2)	1,118,115	873,255
Other	39,651	30,743
Total real estate secured loans	1,764,519	1,418,991
Construction loans	78,626	76,997
Consumer loans	160,520	99,711
Total loans, net of unearned income (3)	$ 14,384,276	$ 10,906,386

(1) Included in our premium wine portfolio are gross construction loans of $112 million at both December 31, 2014 and 2013.

(2) Consumer loans secured by real estate at December 31, 2014 and 2013 were comprised of the following:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Loans for personal residence	$ 918,629	$ 685,327
Loans to eligible employees	133,568	121,548
Home equity lines of credit	65,918	66,380
Consumer loans secured by real estate	$ 1,118,115	$ 873,255

(3) Included within our total loan portfolio are credit card loans of $131 million and $85 million at December 31, 2014 and 2013, respectively.

Credit Quality

The composition of loans, net of unearned income of $104 million and $89 million at December 31, 2014 and December 31, 2013, respectively, broken out by portfolio segment and class of financing receivable, is as follows:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Commercial loans:		
Software and internet	$ 4,954,676	$ 4,102,636
Hardware	1,131,006	1,213,032
Private equity/venture capital	4,582,906	2,386,054
Life science & healthcare	1,289,904	1,170,220
Premium wine	794,321	664,834
Other	352,828	396,644
Total commercial loans	13,105,641	9,933,420
Consumer loans:		
Real estate secured loans	1,118,115	873,255
Other consumer loans	160,520	99,711
Total consumer loans	1,278,635	972,966
Total loans, net of unearned income	$ 14,384,276	$ 10,906,386

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table summarizes the aging of our gross loans, broken out by portfolio segment and class of financing receivable as of December 31, 2014 and 2013:

(Dollars in thousands)	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Loans Past Due 90 Days or More Still Accruing Interest
December 31, 2014:						
Commercial loans:						
Software and internet	$ 10,989	$ 1,627	$ 52	$ 12,668	$ 4,950,291	$ 52
Hardware	13,424	126	—	13,550	1,124,423	—
Private equity/venture capital	40,773	—	—	40,773	4,580,526	—
Life science & healthcare	738	786	—	1,524	1,298,728	—
Premium wine	—	—	—	—	795,345	—
Other	178	3	—	181	354,939	—
Total commercial loans	66,102	2,542	52	68,696	13,104,252	52
Consumer loans:						
Real estate secured loans	1,592	341	1,250	3,183	1,114,286	1,250
Other consumer loans	—	—	—	—	160,212	—
Total consumer loans	1,592	341	1,250	3,183	1,274,498	1,250
Total gross loans excluding impaired loans	67,694	2,883	1,302	71,879	14,378,750	1,302
Impaired loans	598	1,293	22,320	24,211	13,926	—
Total gross loans	$ 68,292	$ 4,176	$ 23,622	$ 96,090	$ 14,392,676	$ 1,302
December 31, 2013:						
Commercial loans:						
Software and internet	$ 9,804	$ 1,291	$ 99	$ 11,194	$ 4,102,546	$ 99
Hardware	2,679	3,965	—	6,644	1,198,169	—
Private equity/venture capital	4	—	—	4	2,408,382	—
Life science & healthcare	395	131	—	526	1,179,462	—
Premium wine	—	—	—	—	665,755	—
Other	1,580	142	—	1,722	397,416	—
Total commercial loans	14,462	5,529	99	20,090	9,951,730	99
Consumer loans:						
Real estate secured loans	240	—	—	240	872,586	—
Other consumer loans	8	—	—	8	98,965	—
Total consumer loans	248	—	—	248	971,551	—
Total gross loans excluding impaired loans	14,710	5,529	99	20,338	10,923,281	99
Impaired loans	4,657	7,043	4,339	16,039	35,610	—
Total gross loans	$ 19,367	$ 12,572	$ 4,438	$ 36,377	$ 10,958,891	$ 99

The following table summarizes our impaired loans as they relate to our allowance for loan losses, broken out by portfolio segment and class of financing receivable as of December 31, 2014 and 2013:

(Dollars in thousands)	Impaired loans for which there is a related allowance for loan losses	Impaired loans for which there is no related allowance for loan losses	Total carrying value of impaired loans	Total unpaid principal of impaired loans
December 31, 2014:				
Commercial loans:				
Software and internet	$ 33,287	$ —	$ 33,287	$ 34,218
Hardware	1,403	1,118	2,521	2,535
Private equity/venture capital	—	—	—	—
Life science & healthcare	475	—	475	2,453
Premium wine	—	1,304	1,304	1,743
Other	233	—	233	233
Total commercial loans	35,398	2,422	37,820	41,182
Consumer loans:				
Real estate secured loans	—	192	192	1,412
Other consumer loans	125	—	125	305
Total consumer loans	125	192	317	1,717
Total	$ 35,523	$ 2,614	$ 38,137	$ 42,899
December 31, 2013:				
Commercial loans:				
Software and internet	$ 27,308	$ 310	$ 27,618	$ 28,316
Hardware	19,329	338	19,667	35,317
Private equity/venture capital	40	—	40	40
Life science & healthcare	—	1,278	1,278	4,727
Premium wine	—	1,442	1,442	1,778
Other	690	—	690	718
Total commercial loans	47,367	3,368	50,735	70,896
Consumer loans:				
Real estate secured loans	—	244	244	1,434
Other consumer loans	670	—	670	941
Total consumer loans	670	244	914	2,375
Total	$ 48,037	$ 3,612	$ 51,649	$ 73,271

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table summarizes our average impaired loans, broken out by portfolio segment and class of financing receivable during 2014, 2013 and 2012:

	Year ended December 31,		
(Dollars in thousands)	2014	2013	2012
Average impaired loans:			
Commercial loans:			
Software and internet	$ 14,357	$ 6,254	$ 2,223
Hardware	6,634	24,508	19,242
Private equity/venture capital	—	37	—
Life science & healthcare	516	334	345
Premium wine	1,381	2,210	3,513
Other	1,088	3,601	3,558
Total commercial loans	23,976	36,944	28,881
Consumer loans:			
Real estate secured loans	218	2,957	5,037
Other consumer loans	322	945	1,896
Total consumer loans	540	3,902	6,933
Total average impaired loans	$ 24,516	$ 40,846	$ 35,814

The following tables summarize the activity relating to our allowance for loan losses for 2014, 2013, and 2012 broken out by portfolio segment:

Year ended December 31, 2014 (Dollars in thousands)	Beginning Balance December 31, 2013	Charge-offs	Recoveries	Provision for Loan Losses	Ending Balance December 31, 2014
Commercial loans:					
Software and internet	$ 64,084	$ (21,031)	$ 1,425	$ 36,503	$ 80,981
Hardware	36,553	(15,265)	2,238	2,334	25,860
Private equity/venture capital	16,385	—	—	11,612	27,997
Life science & healthcare	11,926	(2,951)	374	5,859	15,208
Premium wine	3,914	(35)	240	354	4,473
Other	3,680	(3,886)	1,499	1,960	3,253
Total commercial loans	136,542	(43,168)	5,776	58,622	157,772
Consumer loans	6,344	—	379	864	7,587
Total allowance for loan losses	$ 142,886	$ (43,168)	$ 6,155	$ 59,486	$ 165,359

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Year ended December 31, 2013 (Dollars in thousands)	Beginning Balance December 31, 2012	Charge-offs	Recoveries	Provision for (Reduction of) Loan Losses	Ending Balance December 31, 2013
Commercial loans:					
Software and internet	$ 42,648	$ (8,861)	$ 1,934	$ 28,363	$ 64,084
Hardware	29,761	(18,819)	2,677	22,934	36,553
Private equity/venture capital	9,963	—	—	6,422	16,385
Life science & healthcare	13,606	(6,010)	1,860	2,470	11,926
Premium wine	3,523	—	170	221	3,914
Other	3,912	(8,107)	2,995	4,880	3,680
Total commercial loans	103,413	(41,797)	9,636	65,290	136,542
Consumer loans	7,238	(869)	1,572	(1,597)	6,344
Total allowance for loan losses	$ 110,651	$ (42,666)	$ 11,208	$ 63,693	$ 142,886

Year ended December 31, 2012 (Dollars in thousands)	Beginning Balance December 31, 2011	Charge-offs	Recoveries	Provision for (Reduction of) Loan Losses	Ending Balance December 31, 2012
Commercial loans:					
Software and internet	$ 38,263	$ (4,316)	$ 4,874	$ 3,827	$ 42,648
Hardware	16,810	(20,247)	1,107	32,091	29,761
Private equity/venture capital	7,319	—	—	2,644	9,963
Life science & healthcare	10,243	(5,080)	334	8,109	13,606
Premium wine	3,914	(584)	650	(457)	3,523
Other	5,817	(2,485)	1,377	(797)	3,912
Total commercial loans	82,366	(32,712)	8,342	45,417	103,413
Consumer loans	7,581	(607)	1,351	(1,087)	7,238
Total allowance for loan losses	$ 89,947	$ (33,319)	$ 9,693	$ 44,330	$ 110,651

The following table summarizes the allowance for loan losses individually and collectively evaluated for impairment as of December 31, 2014 and 2013, broken out by portfolio segment:

	December 31, 2014				December 31, 2013			
	Individually Evaluated for Impairment		Collectively Evaluated for Impairment		Individually Evaluated for Impairment		Collectively Evaluated for Impairment	
(Dollars in thousands)	Allowance for loan losses	Recorded investment in loans	Allowance for loan losses	Recorded investment in loans	Allowance for loan losses	Recorded investment in loans	Allowance for loan losses	Recorded investment in loans
Commercial loans:								
Software and internet	$ 13,695	$ 33,287	$ 67,286	$ 4,921,389	$ 11,261	$ 27,617	$ 52,823	$ 4,075,019
Hardware	1,133	2,521	24,727	1,128,485	9,673	19,667	26,880	1,193,365
Private equity/venture capital	—	—	27,997	4,582,906	19	39	16,366	2,386,015
Life science & healthcare	121	475	15,087	1,289,429	—	1,278	11,926	1,168,942
Premium wine	—	1,304	4,473	793,017	—	1,442	3,914	663,392
Other	71	233	3,182	352,595	156	690	3,524	395,954
Total commercial loans	15,020	37,820	142,752	13,067,821	21,109	50,733	115,433	9,882,687
Consumer loans	31	317	7,556	1,278,318	168	915	6,176	972,051
Total	$ 15,051	$ 38,137	$ 150,308	$ 14,346,139	$ 21,277	$ 51,648	$ 121,609	$ 10,854,738

Credit Quality Indicators

For each individual client, we establish an internal credit risk rating for that loan, which is used for assessing and monitoring credit risk as well as performance of the loan and the overall portfolio. Our internal credit risk ratings are also used to summarize the risk of loss due to failure by an individual borrower to repay the loan. For our internal credit risk ratings, each individual loan is given a risk rating of 1 through 10. Loans risk-rated 1 through 4 are performing loans and translate to an internal rating of “Pass”, with loans risk-rated 1 being cash secured. Loans risk-rated 5 through 7 are performing loans, however, we consider them as demonstrating higher risk, which requires more frequent review of the individual exposures; these translate to an internal rating of “Performing (Criticized)”. A majority of our Performing (Criticized) loans are from our SVB Accelerator practice, serving our emerging or early stage clients. Loans risk-rated 8 and 9 are loans that are considered to be impaired and are on nonaccrual status (For further description of nonaccrual loans, refer to Note 2 —“Summary of Significant Accounting Policies”). Loans rated 10 are charged-off and are not included as part of our loan portfolio balance. We review our credit quality indicators for performance and appropriateness of risk ratings as part of our evaluation process for our allowance for loan losses.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table summarizes the credit quality indicators, broken out by portfolio segment and class of financing receivables as of December 31, 2014 and 2013:

(Dollars in thousands)	Pass	Performing (Criticized)	Impaired	Total
December 31, 2014:				
Commercial loans:				
Software and internet	$ 4,611,253	$ 351,706	$ 33,287	$ 4,996,246
Hardware	945,998	191,975	2,521	1,140,494
Private equity/venture capital	4,615,231	6,068	—	4,621,299
Life science & healthcare	1,165,266	134,986	475	1,300,727
Premium wine	774,962	20,383	1,304	796,649
Other	346,153	8,967	233	355,353
Total commercial loans	12,458,863	714,085	37,820	13,210,768
Consumer loans:				
Real estate secured loans	1,112,396	5,073	192	1,117,661
Other consumer loans	158,162	2,050	125	160,337
Total consumer loans	1,270,558	7,123	317	1,277,998
Total gross loans	$ 13,729,421	$ 721,208	$ 38,137	$ 14,488,766
December 31, 2013:				
Commercial loans:				
Software and internet	$ 3,875,043	$ 238,697	$ 27,618	$ 4,141,358
Hardware	995,055	209,758	19,667	1,224,480
Private equity/venture capital	2,408,386	—	40	2,408,426
Life science & healthcare	1,091,993	87,995	1,278	1,181,266
Premium wine	652,747	13,008	1,442	667,197
Other	383,602	15,536	690	399,828
Total commercial loans	9,406,826	564,994	50,735	10,022,555
Consumer loans:				
Real estate secured loans	868,789	4,037	244	873,070
Other consumer loans	95,586	3,387	670	99,643
Total consumer loans	964,375	7,424	914	972,713
Total gross loans	$ 10,371,201	$ 572,418	$ 51,649	$ 10,995,268

TDRs

As of December 31, 2014 we had 7 TDRs with a total carrying value of $7.2 million where concessions have been granted to borrowers experiencing financial difficulties, in an attempt to maximize collection. This compares to 18 TDRs with a total carrying value of $22.4 million as of December 31, 2013. There were unfunded commitments available for funding of $3.1 million to the clients associated with these TDRs as of December 31, 2014. The following table summarizes our loans modified in TDRs, broken out by portfolio segment and class of financing receivables at December 31, 2014 and 2013:

	December 31,	
(Dollars in thousands)	2014	2013
Loans modified in TDRs:		
Commercial loans:		
Software and internet	$ 3,784	$ 5,860
Hardware	1,118	13,329
Private equity/venture capital	—	77
Premium wine	1,891	1,442
Other	233	1,055
Total commercial loans	7,026	21,763
Consumer loans:		
Other consumer loans	125	670
Total consumer loans	125	670
Total	$ 7,151	$ 22,433

The following table summarizes the recorded investment in loans modified in TDRs, broken out by portfolio segment and class of financing receivable, for modifications made during 2014, 2013, and 2012:

	Year ended December 31,		
(Dollars in thousands)	2014	2013	2012
Loans modified in TDRs during the period:			
Commercial loans:			
Software and internet	$ 1,033	$ 4,932	$ 1,939
Hardware	1,118	8,143	20,514
Private equity/venture capital	—	77	—
Premium wine	587	—	1,024
Other	—	690	4,878
Total commercial loans	2,738	13,842	28,355
Consumer loans:			
Real estate secured loans	—	—	368
Other consumer loans	—	6	—
Total consumer loans	—	6	368
Total loans modified in TDRs during the period (1)	$ 2,738	$ 13,848	$ 28,723

(1) During 2014 we had no partial charge-offs. In 2013 and 2012 we had partial charge-offs of $11.1 million and $14.3 million respectively, on loans classified as TDRs.

During 2014 new TDRs of $1.0 million and $1.7 million were modified through forgiveness of principal and payment deferrals granted to our clients, respectively. During 2013 all new TDRs were modified through payment deferrals granted to our clients

and no principal or interest was forgiven. During 2012 new TDRs totaling $9 million and $19 million were modified through forgiveness of principal and payment deferrals granted to our clients, respectively.

The related allowance for loan losses for the majority of our TDRs is determined on an individual basis by comparing the carrying value of the loan to the present value of the estimated future cash flows, discounted at the pre-modification contractual interest rate. For certain TDRs, the related allowance for loan losses is determined based on the fair value of the collateral if the loan is collateral dependent.

The following table summarizes the recorded investment in loans modified in TDRs within the previous 12 months that subsequently defaulted during their respective periods, broken out by portfolio segment and class of financing receivable. During the 2014 year, there were no TDRs modified within the previous 12 months that defaulted.

	December 31,	
(Dollars in thousands)	2013	2012
TDRs modified within the previous 12 months that defaulted during the period:		
Commercial loans:		
Hardware	$ 1,627	$ 1,868
Private equity/venture capital	38	—
Other	365	—
Total commercial loans	2,030	1,868
Consumer loans:		
Real estate secured loans	—	120
Other consumer loans	6	—
Total consumer loans	6	120
Total TDRs modified within the previous 12 months that defaulted in the period	$ 2,036	$ 1,988

Charge-offs and defaults on previously restructured loans are evaluated to determine the impact to the allowance for loan losses, if any. The evaluation of these defaults may impact the assumptions used in calculating the reserve on other TDRs and impaired loans as well as management's overall outlook of macroeconomic factors that affect the reserve on the loan portfolio as a whole. After evaluating the charge-offs and defaults experienced on our TDRs we determined that no change to our reserving methodology was necessary to determine the allowance for loan losses as of December 31, 2014.

9. Premises and Equipment

Premises and equipment at December 31, 2014 and 2013 consisted of the following:

	December 31,	
(Dollars in thousands)	2014	2013
Computer software	$ 149,579	$ 128,129
Computer hardware	52,203	45,241
Leasehold improvements	48,780	40,851
Furniture and equipment	24,320	19,434
Total	274,882	233,655
Accumulated depreciation and amortization	(195,037)	(166,170)
Premises and equipment, net	$ 79,845	$ 67,485

Depreciation and amortization expense for premises and equipment was $30.0 million, $29.1 million, and $23.7 million in 2014, 2013 and 2012, respectively. Additionally, in 2013 we wrote-off $1.2 million in certain assets, primarily computer software. There were no write-offs during the 2014 and 2012 years.

10. Disposal - Assets Held-for-Sale

As a result of the SVBIF pending sale transaction, the Company classified SVBIF's net assets as held-for-sale as assets held-for sale-criteria were met and an impairment loss was recognized at December 31, 2014. The following table details selected financial information included in the loss from the pending sale:

(Dollars in thousands)	Year ended December 31, 2014
Losses primarily attributable to cumulative foreign currency translation adjustment	$ 12,934
Transaction-related expenses	1,000
Total impairment loss included in other noninterest income (1)	$ 13,934
Tax impact of undistributed earnings of SVBIF	2,900
Tax impact from net losses on SVBIF Sale Transaction	(5,398)
Net tax impact included in income tax expense	$ (2,498)
Net loss on SVBIF Sale Transaction	$ 11,436

(1) The total impairment loss is included in noninterest income in our Global Commercial Bank operating segment as reported in Note 21—"Segment Reporting" of the "Notes to Consolidated Financial Statements" under Part II, Item 8 of this report.

The following table presents the composition of SVBIF assets held-for-sale included in accrued interest receivable and other assets at December 31, 2014:

(Dollars in thousands)	December 31, 2014
Assets:	
Cash and due from banks	$ 3,054
Securities purchased under agreement to resell and other short-term investments	11,898
Net loans	26,800
Premises and equipment, net	24
Accrued interest receivable and other assets	7,163
Total assets of SVBIF held-for-sale (1)	$ 48,939
Liabilities:	
Other liabilities	$ 4,686
Total liabilities of SVBIF held-for-sale (1)	$ 4,686

(1) Net assets of $44.3 million are included in our Global Commercial Bank operating segment as reported in Note 21—"Segment Reporting" of the "Notes to Consolidated Financial Statements" under Part II, Item 8 of this report.

11. Deposits

The following table presents the composition of our deposits at December 31, 2014 and 2013:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Noninterest-bearing demand	$ 24,583,682	$ 15,894,360
Negotiable order of withdrawal (NOW)	254,462	151,746
Money market	6,186,044	4,373,974
Money market deposits in foreign offices	242,526	181,299
Sweep deposits in foreign offices	2,948,658	1,657,740
Time	128,127	213,860
Total deposits	$ 34,343,499	$ 22,472,979

The aggregate amount of time deposit accounts individually equal to or greater than $100,000 totaled $116 million and $197 million at December 31, 2014 and 2013, respectively. Interest expense paid on time deposits individually equal to or greater than $100,000 totaled $0.3 million, $0.6 million and $0.5 million in 2014, 2013 and 2012, respectively. At December 31, 2014, time deposit accounts individually equal to or greater than $100,000 totaling $116 million were scheduled to mature within one year.

12. Short-Term Borrowings and Long-Term Debt

The following table represents outstanding short-term borrowings and long-term debt at December 31, 2014 and 2013:

(Dollars in thousands)	Maturity	Principal value at December 31, 2014	Carrying Value December 31, 2014	Carrying Value December 31, 2013
Short-term borrowings:				
Other short-term borrowings	(1)	$ 7,781	$ 7,781	$ 5,080
Total short-term borrowings			$ 7,781	$ 5,080
Long-term debt:				
5.375% Senior Notes	September 15, 2020	$ 350,000	$ 348,436	$ 348,209
6.05% Subordinated Notes (2)	June 1, 2017	45,964	50,162	51,987
7.0% Junior Subordinated Debentures	October 15, 2033	50,000	54,845	55,020
Total long-term debt			$ 453,443	$ 455,216

(1) Represents cash collateral received from certain counterparties in relation to market value exposures of derivative contracts in our favor, which includes an interest rate swap agreement related to our 6.05% Subordinated Notes.

(2) At December 31, 2014 and 2013, included in the carrying value of our 6.05% Subordinated Notes were $4.6 million and $6.5 million, respectively, related to hedge accounting associated with the notes.

The aggregate annual maturities of long-term debt obligations as of December 31, 2014 are as follows:

Year ended December 31, (dollars in thousands):	Amount
2015	$ —
2016	—
2017	50,162
2018	—
2019	—
2020 and thereafter	403,281
Total	$ 453,443

Interest expense related to short-term borrowings and long-term debt was $23.2 million, $23.1 million and $24.2 million in 2014, 2013 and 2012, respectively. Interest expense is net of the hedge accounting impact from our interest rate swap agreements related to our 6.05% Subordinated Notes. The weighted average interest rate associated with our short-term borrowings as of December 31, 2014 was 0.08 percent.

5.375% Senior Notes

In September 2010, we issued $350 million of 5.375% Senior Notes due in September 2020 ("5.375% Senior Notes"). We received net proceeds of $345 million after deducting underwriting discounts and commissions and other expenses. We used approximately $250 million of the net proceeds from the sale of the notes to meet obligations due on our 3.875% Convertible Notes, which matured in April 2011. The remaining net proceeds were used for general corporate purposes, including working capital.

***6.05%* Subordinated Notes**

On May 15, 2007, the Bank issued 6.05% Subordinated Notes, due in June 2017, in an aggregate principal amount of $250 million. Concurrent with the issuance of the 6.05% Subordinated Notes, we entered into a fixed-to-variable interest rate swap agreement (see Note 12-"Derivative Financial Instruments").

7.0% Junior Subordinated Debentures

In October 2003, we issued $50 million in 7.0% Junior Subordinated Debentures to a special-purpose trust, SVB Capital II. Distributions to SVB Capital II are cumulative and are payable quarterly at a fixed rate of 7.0 percent per annum of the face value of the junior subordinated debentures. Distributions for each of 2014, 2013 and 2012 were $3.5 million. The junior subordinated debentures are mandatorily redeemable upon maturity in October 2033, or may currently be redeemed prior to maturity in whole or in part, at our option, at any time. Issuance costs of $2.2 million related to the junior subordinated debentures were deferred and are being amortized over the period until mandatory redemption of the debentures in October 2033.

Available Lines of Credit

We have certain facilities in place to enable us to access short-term borrowings on a secured (using available-for-sale securities as collateral) and an unsecured basis. These include repurchase agreements and uncommitted federal funds lines with various financial institutions. As of December 31, 2014, we did not borrow against our uncommitted federal funds lines. We also pledge securities to the FHLB of San Francisco and the discount window at the FRB. The market value of collateral pledged to the FHLB of San Francisco (comprised primarily of U.S. agency debentures) at December 31, 2014 totaled $1.3 billion, all of which was unused and available to support additional borrowings. The market value of collateral pledged at the discount window of the FRB at December 31, 2014 totaled $1.0 billion, all of which was unused and available to support additional borrowings.

13. Derivative Financial Instruments

We primarily use derivative financial instruments to manage interest rate risk, currency exchange rate risk, and to assist customers with their risk management objectives. Also, in connection with negotiating credit facilities and certain other services, we often obtain equity warrant assets giving us the right to acquire stock in private, venture-backed companies in the technology and life science & healthcare industries.

Interest Rate Risk

Interest rate risk is our primary market risk and can result from timing and volume differences in the repricing of our interest rate-sensitive assets and liabilities and changes in market interest rates. To manage interest rate risk for our 6.05% Subordinated Notes, we entered into a fixed-for-floating interest rate swap agreement at the time of debt issuance based upon LIBOR with matched-terms. Net cash benefits associated with our interest rate swap is recorded as a reduction in “Interest expense—Borrowings,” a component of net interest income. The fair value of our interest rate swaps is calculated using a discounted cash flow method and adjusted for credit valuation associated with counterparty risk. Changes in fair value of the interest rate swaps are reflected in either other assets (for swaps in an asset position) or other liabilities (for swaps in a liability position).

We assess hedge effectiveness under ASC 815, *Derivatives and Hedging*, using the long-haul method. Any differences associated with our interest rate swaps that arise as a result of hedge ineffectiveness are recorded through net gains on derivative instruments, in noninterest income, a component of consolidated net income.

Currency Exchange Risk

We enter into foreign exchange forward contracts to economically reduce our foreign exchange exposure risk associated with the net difference between foreign currency denominated assets and liabilities, primarily in Pound Sterling and Euro. We do not designate any foreign exchange forward contracts as derivative instruments that qualify for hedge accounting. Gains or losses from changes in currency rates on foreign currency denominated instruments are included in other noninterest income, a component of noninterest income. We may experience ineffectiveness in the economic hedging relationship, because the instruments are revalued based upon changes in the currency’s spot rate on the principal value, while the forwards are revalued on a discounted cash flow basis. We record forward agreements in gain positions in other assets and loss positions in other liabilities, while net changes in fair value are recorded through net gains on derivative instruments, in noninterest income, a component of consolidated net income. Additionally, through our global banking operations we maintain customer deposits denominated in the Euro and Pound Sterling, which are used to fund certain loans in these currencies to limit our exposure to currency fluctuations.

Other Derivative Instruments

Also included in our derivative instruments are equity warrant assets, loan conversion options, forward and option contracts, and interest rate contracts. For further description of these other derivative instruments, refer to Note 2-“Summary of Significant Accounting Policies."

Counterparty Credit Risk

We are exposed to credit risk if counterparties to our derivative contracts do not perform as expected. We mitigate counterparty credit risk through credit approvals, limits, monitoring procedures and obtaining collateral, as appropriate. With respect to measuring counterparty credit risk for derivative instruments, we measure the fair value of a group of financial assets and financial liabilities on a net risk basis by counterparty portfolio.

The total notional or contractual amounts, fair value, collateral and net exposure of our derivative financial instruments at December 31, 2014 and 2013 were as follows:

		December 31, 2014				December 31, 2013			
(Dollars in thousands)	Balance Sheet Location	Notional or Contractual Amount	Fair Value	Collateral (1)	Net Exposure (2)	Notional or Contractual Amount	Fair Value	Collateral (1)	Net Exposure (2)
Derivatives designated as hedging instruments:									
Interest rate risks:									
Interest rate swaps	Other assets	$ 45,964	$ 4,609	$ 2,970	$ 1,639	$ 45,964	$ 6,492	$ 5,080	$ 1,412
Derivatives not designated as hedging instruments:									
Currency exchange risks:									
Foreign exchange forwards	Other assets	200,957	5,050	2,441	2,609	140,760	1,423	—	1,423
Foreign exchange forwards	Other liabilities	6,226	(489)	—	(489)	62,649	(634)	—	(634)
Net exposure			4,561	2,441	2,120		789	—	789
Other derivative instruments:									
Equity warrant assets	Other assets	197,878	116,604	—	116,604	179,934	103,513	—	103,513
Other derivatives:									
Client foreign exchange forwards	Other assets	801,487	28,954	2,370	26,584	424,983	13,673	—	13,673
Client foreign exchange forwards	Other liabilities	774,355	(27,647)	—	(27,647)	367,079	(11,549)	—	(11,549)
Client foreign currency options	Other assets	34,926	227	—	227	91,854	434	—	434
Client foreign currency options	Other liabilities	34,926	(227)	—	(227)	91,854	(434)	—	(434)
Loan conversion options	Other assets	—	—	—	—	3,455	314	—	314
Client interest rate derivatives	Other assets	387,410	2,546	—	2,546	216,773	1,265	—	1,265
Client interest rate derivatives	Other liabilities	387,410	(2,748)	—	(2,748)	216,773	(1,396)	—	(1,396)
Net exposure			1,105	2,370	(1,265)		2,307	—	2,307
Net			$ 126,879	$ 7,781	$ 119,098		$ 113,101	$ 5,080	$ 108,021

(1) Cash collateral received from our counterparties in relation to market value exposures of derivative contracts in our favor is recorded as a component of "short-term borrowings" on our consolidated balance sheets.

(2) Net exposure for contracts in a gain position reflects the replacement cost in the event of nonperformance by all such counterparties. The credit ratings of our institutional counterparties as of December 31, 2014 remain at investment grade or higher and there were no material changes in their credit ratings for the year ended December 31, 2014.

A summary of our derivative activity and the related impact on our consolidated statements of income for 2014, 2013 and 2012 is as follows:

(Dollars in thousands)	Statement of income location	Year ended December 31, 2014	2013	2012
Derivatives designated as hedging instruments:				
Interest rate risks:				
Net cash benefit associated with interest rate swaps	Interest expense—borrowings	$ 2,553	$ 2,536	$ 5,154
Changes in fair value of interest rate swaps	Net gains on derivative instruments	(50)	14	603
Net gains associated with interest rate risk derivatives		$ 2,503	$ 2,550	$ 5,757
Derivatives not designated as hedging instruments:				
Currency exchange risks:				
(Losses) gains on revaluations of foreign currency instruments	Other noninterest income	$ (21,636)	$ 3,016	$ 1,677
Gains (losses) on internal foreign exchange forward contracts, net	Net gains on derivative instruments	21,598	(4,213)	(103)
Net (losses) gains associated with currency risk		$ (38)	$ (1,197)	$ 1,574
Other derivative instruments:				
Net gains on equity warrant assets	Net gains on derivative instruments	$ 71,012	$ 46,101	$ 19,385
Gains (losses) on client foreign exchange forward contracts, net	Net gains on derivative instruments	$ 5,081	$ (452)	$ 460
Net (losses) gains on other derivatives (1)	Net gains on derivative instruments	$ (796)	$ 734	$ (1,666)

(1) Primarily represents the change in fair value of loan conversion options.

Balance Sheet Offsetting

Certain of our derivative and other financial instruments are subject to enforceable master netting arrangements with our counterparties. These agreements provide for the net settlement of multiple contracts with a single counterparty through a single payment, in a single currency, in the event of default on or termination of any one contract.

The following table summarizes our assets subject to enforceable master netting arrangements as of December 31, 2014 and 2013:

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands)	Gross Amounts of Recognized Assets	Gross Amounts offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position But Subject to Master Netting Arrangements		Net Amount
				Financial Instruments	Cash Collateral Received	
December 31, 2014						
Derivative Assets:						
Interest rate swaps	$ 4,609	$ —	$ 4,609	$ (1,639)	$ (2,970)	$ —
Foreign exchange forwards	34,004	—	34,004	(17,843)	(4,811)	11,350
Foreign currency options	501	(274)	227	(144)	—	83
Client interest rate derivatives	2,546	—	2,546	(2,546)	—	—
Total derivative assets:	41,660	(274)	41,386	(22,172)	(7,781)	11,433
Reverse repurchase, securities borrowing, and similar arrangements	95,611	—	95,611	(95,611)	—	—
Total	$ 137,271	$ (274)	$ 136,997	$ (117,783)	$ (7,781)	$ 11,433
December 31, 2013						
Derivative Assets:						
Interest rate swaps	$ 6,492	$ —	$ 6,492	$ (1,412)	$ (5,080)	$ —
Foreign exchange forwards	15,096	—	15,096	(6,735)	—	8,361
Foreign currency options	504	(70)	434	(155)	—	279
Client interest rate derivatives	1,265	—	1,265	(256)	—	1,009
Total derivative assets:	23,357	(70)	23,287	(8,558)	(5,080)	9,649
Reverse repurchase, securities borrowing, and similar arrangements	172,989	—	172,989	(172,989)	—	—
Total	$ 196,346	$ (70)	$ 196,276	$ (181,547)	$ (5,080)	$ 9,649

The following table summarizes our liabilities subject to enforceable master netting arrangements as of December 31, 2014 and 2013:

(Dollars in thousands)	Gross Amounts of Recognized Liabilities	Gross Amounts offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position But Subject to Master Netting Arrangements		Net Amount
				Financial Instruments	Cash Collateral Pledged	
December 31, 2014						
Derivative Liabilities:						
Foreign exchange forwards	$ 28,136	$ —	$ 28,136	$ (16,808)	$ —	$ 11,328
Foreign currency options	501	(274)	227	(83)	—	144
Client interest rate derivatives	2,748	—	2,748	(2,748)	—	—
Total derivative liabilities:	31,385	(274)	31,111	(19,639)	—	11,472
Repurchase, securities lending, and similar arrangements	—	—	—	—	—	—
Total	$ 31,385	$ (274)	$ 31,111	$ (19,639)	$ —	$ 11,472
December 31, 2013						
Derivative Liabilities:						
Foreign exchange forwards	$ 12,183	$ —	$ 12,183	$ (8,282)	$ —	$ 3,901
Foreign currency options	504	(70)	434	(279)	—	155
Client interest rate derivatives	1,396	—	1,396	(1,087)	—	309
Total derivative assets:	14,083	(70)	14,013	(9,648)	—	4,365
Repurchase, securities lending, and similar arrangements	—	—	—	—	—	—
Total	$ 14,083	$ (70)	$ 14,013	$ (9,648)	$ —	$ 4,365

14. Other Noninterest (Loss) Income and Other Noninterest Expense

A summary of other noninterest (loss) income for 2014, 2013 and 2012 is as follows:

	Year ended December 31,		
(Dollars in thousands)	2014	2013	2012
Fund management fees	$ 13,498	$ 11,163	$ 11,057
Service-based fee income	8,801	7,807	7,937
Net gains on the sale of certain assets related to our equity management services business	—	—	4,243
Net losses on the sale of certain assets related to our SVBIF business	(13,934)	—	—
(Losses) gains on revaluation of foreign currency instruments (1)	(21,636)	3,016	1,677
Other (2)	12,011	14,153	11,449
Total other noninterest (loss) income	$ (1,260)	$ 36,139	$ 36,363

(1) Represents the revaluation of foreign currency denominated financial instruments issued and held by us, primarily loans, deposits and cash.
(2) Includes dividends on FHLB/FRB stock, correspondent bank rebate income and other fee income.

A summary of other noninterest expense for 2014, 2013 and 2012 is as follows:

	Year ended December 31,		
(Dollars in thousands)	2014	2013	2012
Client services	$ 10,692	$ 8,181	$ 6,910
Tax credit fund amortization	9,691	6,436	3,911
Data processing services	8,079	7,895	5,876
Telephone	7,250	6,258	6,528
Postage and supplies	3,196	2,462	2,482
Dues and publications	2,549	1,745	2,067
Other	12,939	8,950	8,188
Total other noninterest expense	$ 54,396	$ 41,927	$ 35,962

15. Income Taxes

We are subject to income tax in the U.S. federal jurisdiction and various state and foreign jurisdictions and have identified our federal tax return and tax returns in California and Massachusetts as major tax filings. Our U.S. federal tax returns for 2011 and subsequent years remain open to full examination. Our California tax returns for 2010 and subsequent tax years remain open to full examination. Massachusetts tax returns for 2011 and subsequent years remain open to full examination.

The components of our provision for income taxes for 2014, 2013 and 2012 were as follows:

	Year ended December 31,		
(Dollars in thousands)	2014	2013	2012
Current provision:			
Federal	$ 172,492	$ 99,480	$ 87,635
State	44,666	25,498	23,752
Deferred expense (benefit):			
Federal	(36,197)	11,244	2,385
State	(7,199)	2,836	(503)
Income tax expense	$ 173,762	$ 139,058	$ 113,269

Our effective tax rate is calculated by dividing income tax expense by the sum of income before income tax expense and the net income attributable to noncontrolling interests. The reconciliation between the federal statutory income tax rate and our effective income tax rate for 2014, 2013 and 2012, is as follows:

	December 31,		
(Dollars in thousands)	2014	2013	2012
Federal statutory income tax rate	35.0 %	35.0 %	35.0 %
State income taxes, net of the federal tax effect	5.6	5.1	5.8
Meals and entertainment	0.3	0.5	0.5
Disallowed officer's compensation	0.3	0.1	0.1
Share-based compensation expense on incentive stock options and ESPP	0.1	(0.3)	0.4
Tax-exempt interest income	(0.3)	(0.3)	(0.4)
Low-income housing tax credits	(1.8)	(1.6)	(1.2)
Other, net	0.5	0.7	(0.9)
Effective income tax rate	39.7 %	39.2 %	39.3 %

Deferred tax assets and liabilities at December 31, 2014 and 2013, consisted of the following:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Deferred tax assets:		
Allowance for loan losses	$ 80,554	$ 69,616
Share-based compensation expense	15,249	14,535
Loan fee income	9,738	7,804
State income taxes	9,428	6,194
Net operating loss	8,641	9,682
Other accruals not currently deductible	7,601	4,869
Premises and equipment and other intangibles	1,344	734
Net unrealized losses on foreign currency translation	802	5,228
Research and development credit	324	324
Net unrealized losses on available-for-sale securities	—	27,686
Other	2,983	36
Deferred tax assets	136,664	146,708
Valuation allowance	(8,965)	(10,006)
Net deferred tax assets after valuation allowance	127,699	136,702
Deferred tax liabilities:		
Net unrealized gains on available-for-sale securities	(29,600)	—
Non-marketable and other securities	(27,858)	(55,921)
Derivative equity warrant assets	(19,090)	(10,344)
FHLB stock dividend	(1,230)	(1,236)
Other	—	(964)
Deferred tax liabilities	(77,778)	(68,465)
Net deferred tax assets	$ 49,921	$ 68,237

At both December 31, 2014 and 2013, federal net operating loss carryforwards totaled $16 million, and state net operating loss carryforwards totaled $8 million. Our foreign net operating loss carryforwards totaled $13 million and $19 million at December 31, 2014 and 2013, respectively. These net operating loss carryforwards expire at various dates beginning in 2019. A portion of our net operating loss carryforwards will be subject to provisions of the tax law that limits the use of losses that existed at the time there is a change in control of an enterprise. At December 31, 2014, the amount of our federal and state net operating loss carryforwards that would be subject to these limitations was $7 million and $2 million, respectively.

Currently, we believe that it is more likely than not that the benefit from these net operating loss carryforwards, which are associated with our former eProsper business unit, part of SVB Analytics, and our UK operations, will not be realized in the near term due to uncertainties in the timing of future profitability in those businesses. In recognition of this, our valuation allowance is $9 million on the deferred tax assets related to these net operating loss carryforward and research and development credits at December 31, 2014. The R&D credit carryforwards expire at various dates beginning in 2019. We believe it is more likely than not that the remaining deferred tax assets will be realized through recovery of taxes previously paid and/or future taxable income. Therefore, no valuation allowance was provided for the remaining deferred tax assets.

At December 31, 2014, our unrecognized tax benefit was $3.4 million, the recognition of which would reduce our income tax expense by $2.4 million. We do not expect that our unrecognized tax benefit will materially change in the next 12 months.

A summary of changes in our unrecognized tax benefit (including interest and penalties) in 2014 is as follows:

(Dollars in thousands)	Reconciliation of Unrecognized Tax Benefit	Interest & Penalties	Total
Balance at December 31, 2013	$ 252	$ 91	$ 343
Additions for tax positions for current year	2,879	—	2,879
Additions for tax positions for prior years	349	47	396
Lapse of the applicable statute of limitations	(83)	(38)	(121)
Balance at December 31, 2014	$ 3,397	$ 100	$ 3,497

16. Employee Compensation and Benefit Plans

Our employee compensation and benefit plans include: (i) Incentive Compensation Plan; (ii) Direct Drive Incentive Compensation Plan; (iii) Retention Program; (iv) Warrant Incentive Plan; (v) Deferred Compensation Plan; (vi) 401(k) and ESOP; (vii) EHOP; (viii) equity incentive plan; and (ix) ESPP. The Equity Incentive Plans and the ESPP are described in Note 4–"Share-Based Compensation."

A summary of expenses incurred under certain employee compensation and benefit plans for 2014, 2013 and 2012 is as follows:

	Year ended December 31,		
(Dollars in thousands)	2014	2013	2012
Incentive Compensation Plan	$ 78,014	$ 66,232	$ 46,467
Direct Drive Incentive Compensation Plan	20,153	22,941	24,556
Retention Program	1,792	2,577	2,076
Warrant Incentive Plan	3,926	5,818	2,523
Deferred Compensation Plan	2,458	2,650	1,767
SVBFG 401(k) Plan	11,996	11,277	9,947
SVBFG ESOP	6,691	7,429	10,324

Incentive Compensation Plan

Our Incentive Compensation Plan ("ICP") is an annual cash incentive plan that rewards performance based on our financial results and other performance criteria. Awards are made based on company performance, the employee's target bonus level, and management's assessment of individual employee performance.

Direct Drive Incentive Compensation Plan

The Direct Drive Incentive Compensation Plan ("Direct Drive") is an annual sales incentive program. Awards are based on sales teams' performance to predetermined financial targets and other company/individual performance criteria. Actual awards for each sales team member under Direct Drive are based on: (i) the actual results and financial performance with respect to the incentive gross profit targets; (ii) the sales team payout targets; and (iii) the sales team member's sales position and team payout allocation.

Retention Program

The Retention Program ("RP") is a long-term incentive plan that allows designated employees to share directly in our investment success. Plan participants are granted an interest in the distributions of gains from certain designated investments made by us during the applicable year. Specifically, participants share in: (i) returns from designated investments made by us, including investments in certain venture capital and private equity funds, debt funds, and direct equity investments in companies; (ii) income realized from the exercise of, and the subsequent sale of shares obtained through the exercise of, warrants held by us; and (iii) other designated amounts as determined by us. No new participants are being added and no new investments will be designated to the plan.

Warrant Incentive Plan

The Warrant Incentive Plan provides individual and team awards to those employees who negotiate warrants on our behalf. Designated participants, as determined by the Company, share in the cash proceeds received by the Company from the exercise of equity warrant assets.

Deferred Compensation Plan

Under the Deferred Compensation Plan (the "DC Plan"), eligible employees may elect to defer up to 50 percent of their base salary and/or up to 100 percent of any eligible bonus payment to which they are entitled, for a period of 12 consecutive months, beginning January 1 and ending December 31. Any amounts deferred under the DC Plan will be invested and administered by us (or such person we designate). We do not match employee deferrals to the DC Plan. From time to time, we may also offer deferred special retention incentives under this plan to key plan participants. The deferred incentives are eligible for investment in the Plan during the retention qualifying period.

Voluntary deferrals under the DC Plan were $3.9 million $3.6 million and $3.2 million in 2014, 2013 and 2012, respectively. As of December 31, 2014, special retention incentives totaled $12.7 million. The DC Plan over all, had investment gains of $1.4 million in 2014, gains of $3.1 million in 2013 and gains of $0.7 million in 2012.

401(k) and ESOP

The 401(k) Plan and ESOP, collectively referred to as the "Plan", is a combined 401(k) tax-deferred savings plan and employee stock ownership plan in which all regular U.S. employees are eligible to participate.

Employees participating in the 401(k) Plan are allowed to contribute up to 75 percent of their pre-tax pay as defined in the Plan, up to the maximum annual amount allowable under federal income tax regulations of $17,500 for the years 2014 and 2013, and $17,000 for 2012. We match the employee's contributions dollar-for-dollar, up to 5 percent of the employee's pre-tax pay as defined in the Plan. Our matching contributions vest immediately. The amount of salary deferred, up to the allowed maximum, is not subject to federal or state income taxes at the time of deferral.

Discretionary ESOP contributions, based on our company performance, are made by us to all eligible individuals employed by us on the last day of the fiscal year. We may elect to contribute cash or our common stock (or a combination of cash and stock), in an amount not exceeding 10 percent of the employee's eligible pay earned in the fiscal year. The ESOP contributions vest in equal annual increments over five years during a participant's first five years of service (thereafter all subsequent ESOP contributions are fully vested).

EHOP

The EHOP is a benefit plan that provides for the issuance of mortgage loans at favorable interest rates to eligible employees. Eligible employees may apply for a fixed-rate mortgage for their primary residence, which is due and payable in either five or seven years and is based on amortization over a 30 year period. Applicants must qualify for a loan through the normal mortgage review and approval process, which is typical of industry standards. The maximum loan amount generally cannot be greater than 80 percent of the lesser of the purchase price or the appraised value. The interest rate on the loan is written at the then market rate for five year (5/1) or seven year (7/1) mortgage loans as determined by us. However, provided that the applicant continues to meet all the eligibility requirements, including employment, the actual rate charged to the borrower shall be up to 2 percent below the market rate. The loan rate shall not be less than the greater of either the jumbo conforming market rate (corresponding to the maturity of the loan) or the monthly Applicable Federal Rate for medium-term loans as published by the Internal Revenue Service. The loan rate will be fixed at the time of approval and locked in for 30 days.

17. Related Parties

SVB Financial had commitments under two partially-syndicated revolving line of credit facilities totaling $65 million that matured on December 4, 2014 to Gold Hill Capital 2008 LP, a venture debt fund, and an affiliated fund, in which SVB Financial currently has ownership interests. As of December 31, 2014, SVB Financial has an 11.5 percent direct ownership interest and a 4.0 percent indirect ownership interest in Gold Hill Capital 2008 LP through our 83.8 percent interest in its general partner, Gold Hill Capital 08, LLC. The lines of credit were secured and had an interest rate of national Prime plus one percent. The highest outstanding balance under SVB Financial's portion of the facility for the year ended December 31, 2014 was $23 million. There was no outstanding balance as of December 31, 2014 and at December 31, 2013 the outstanding balance was $23 million.

During 2014, the Bank made loans to related parties, including certain companies in which certain of our directors or their affiliated venture funds are beneficial owners of ten percent or more of the equity securities of such companies. Such loans: (a) were made in the ordinary course of business; (b) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other non-related persons; and (c) did not involve more than the normal risk of collectability or present other unfavorable features. Additionally, we also provide real estate secured loans to eligible employees through our EHOP.

18. Off-Balance Sheet Arrangements, Guarantees and Other Commitments

Operating Leases

We are obligated under a number of noncancelable operating leases for premises and equipment that expire at various dates, through 2029, and in most instances, include options to renew or extend at market rates and terms. Such leases may provide for periodic adjustments of rentals during the term of the lease based on changes in various economic indicators. The following table presents minimum future payments under noncancelable operating leases as of December 31, 2014:

Year ended December 31, (dollars in thousands):	Amount
2015	$ 21,683
2016	20,771
2017	20,510
2018	21,142
2019	21,074
2020 and thereafter	84,198
Net minimum operating lease payments	$ 189,378

Rent expense for premises and equipment leased under operating leases totaled $20.3 million, $16.3 million and $14.5 million in 2014, 2013 and 2012, respectively.

Commitments to Extend Credit

A commitment to extend credit is a formal agreement to lend funds to a client as long as there is no violation of any condition established in the agreement. Such commitments generally have fixed expiration dates, or other termination clauses, and usually require a fee paid by the client upon us issuing the commitment. The following table summarizes information related to our commitments to extend credit at December 31, 2014 and 2013, respectively:

	December 31,	
(Dollars in thousands)	2014	2013
Loan commitments available for funding: (1)		
Fixed interest rate commitments	$ 1,591,408	$ 1,392,781
Variable interest rate commitments	11,860,039	9,101,973
Total loan commitments available for funding	13,451,447	10,494,754
Commercial and standby letters of credit (2)	1,254,338	975,968
Total unfunded credit commitments	$ 14,705,785	$ 11,470,722
Commitments unavailable for funding (3)	$ 1,868,489	$ 1,006,168
Maximum lending limits for accounts receivable factoring arrangements (4)	1,044,548	894,276
Reserve for unfunded credit commitments (5)	36,419	29,983

(1) Represents commitments which are available for funding, due to clients meeting all collateral, compliance and financial covenants required under loan commitment agreements.
(2) See below for additional information on our commercial and standby letters of credit.
(3) Represents commitments which are currently unavailable for funding, due to clients failing to meet all collateral, compliance and financial covenants under loan commitment agreements.

(4) We extend credit under accounts receivable factoring arrangements when our clients' sales invoices are deemed creditworthy under existing underwriting practices.
(5) Our reserve for unfunded credit commitments includes an allowance for both our unfunded loan commitments and our letters of credit.

Our potential exposure to credit loss for commitments to extend credit, in the event of nonperformance by the other party to the financial instrument, is the contractual amount of the available unused loan commitment. We use the same credit approval and monitoring process in extending credit commitments as we do in making loans. The actual liquidity needs and the credit risk that we have experienced have historically been lower than the contractual amount of commitments to extend credit because a significant portion of these commitments expire without being drawn upon. We evaluate each potential borrower and the necessary collateral on an individual basis. The type of collateral varies, but may include real property, intellectual property, bank deposits, or business and personal assets. The credit risk associated with these commitments is considered in the reserve for unfunded credit commitments.

Commercial and Standby Letters of Credit

Commercial and standby letters of credit represent conditional commitments issued by us on behalf of a client to guarantee the performance of the client to a third party when certain specified future events have occurred. Commercial letters of credit are issued primarily for inventory purchases by a client and are typically short-term in nature. We provide two types of standby letters of credit: performance and financial standby letters of credit. Performance standby letters of credit are issued to guarantee the performance of a client to a third party when certain specified future events have occurred and are primarily used to support performance instruments such as bid bonds, performance bonds, lease obligations, repayment of loans, and past due notices. Financial standby letters of credit are conditional commitments issued by us to guarantee the payment by a client to a third party (beneficiary) and are primarily used to support many types of domestic and international payments. These standby letters of credit have fixed expiration dates and generally require a fee to be paid by the client at the time we issue the commitment. Fees generated from these standby letters of credit are recognized in noninterest income over the commitment period using the straight-line method.

The credit risk involved in issuing letters of credit is essentially the same as that involved with extending credit commitments to clients, and accordingly, we use a credit evaluation process and collateral requirements similar to those for credit commitments. Our standby letters of credit often are cash secured by our clients. The actual liquidity needs and the credit risk that we have experienced historically have been lower than the contractual amount of letters of credit issued because a significant portion of these conditional commitments expire without being drawn upon.

The table below summarizes our commercial and standby letters of credit at December 31, 2014. The maximum potential amount of future payments represents the amount that could be remitted under letters of credit if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or from the collateral held or pledged.

(Dollars in thousands)	Expires In One Year or Less	Expires After One Year	Total Amount Outstanding	Maximum Amount of Future Payments
Financial standby letters of credit	$ 1,118,548	$ 65,333	$ 1,183,881	$ 1,183,881
Performance standby letters of credit	59,034	5,157	64,191	64,191
Commercial letters of credit	6,266	—	6,266	6,266
Total	$ 1,183,848	$ 70,490	$ 1,254,338	$ 1,254,338

At both December 31, 2014 and 2013, we had $8 million of deferred fees related to financial and performance standby letters of credit. At December 31, 2014, collateral in the form of cash of $510 million and available-for-sale securities of $1.1 million were available to us to reimburse losses, if any, under financial and performance standby letters of credit.

Commitments to Invest in Venture Capital and Private Equity Funds

We make commitments to invest in venture capital and private equity funds, which in turn make investments generally in, or in some cases make loans to, privately-held companies. Commitments to invest in these funds are generally made for a 10-year period from the inception of the fund. Although the limited partnership agreements governing these investments typically do not restrict the general partners from calling 100% of committed capital in one year, it is customary for these funds to generally call most of the capital commitments over 5 to 7 years; however in certain cases, the funds may not call 100% of committed capital over the life of the fund. The actual timing of future cash requirements to fund these commitments is generally dependent upon the investment cycle, overall market conditions, and the nature and type of industry in which the privately held companies operate. The following table details our total capital commitments, unfunded capital commitments, and our ownership percentage in each fund at December 31, 2014:

Our Ownership in Private Equity/Venture Capital Funds (dollars in thousands)	SVBFG Capital Commitments	SVBFG Unfunded Commitments	SVBFG Ownership of each Fund (4)
Silicon Valley BancVentures, LP	$ 6,000	$ 270	10.7%
SVB Capital Partners II, LP (1)	1,200	162	5.1
SVB Capital Shanghai Yangpu Venture Capital Fund	935	—	6.8
SVB Strategic Investors Fund, LP	15,300	688	12.6
SVB Strategic Investors Fund II, LP	15,000	1,050	8.6
SVB Strategic Investors Fund III, LP	15,000	1,275	5.9
SVB Strategic Investors Fund IV, LP	12,239	2,325	5.0
Strategic Investors Fund V Funds	515	209	Various
Strategic Investors Fund VI Funds	—	—	—
SVB Capital Preferred Return Fund, LP	12,688	—	20.0
SVB Capital—NT Growth Partners, LP	24,670	1,340	33.0
Other private equity fund (2)	9,338	—	58.2
Partners for Growth, LP	25,000	9,750	50.0
Debt funds (equity method accounting)	64,170	4,950	Various
Other fund investments (3)	299,913	19,449	Various
Total	$ 501,968	$ 41,468	

(1) Our ownership includes direct ownership of 1.3 percent and indirect ownership of 3.8 percent through our investment in SVB Strategic Investors Fund II, LP.

(2) Our ownership includes direct ownership of 41.5 percent and indirect ownership interests of 12.6 percent and 4.1 percent in the fund through our ownership interest of SVB Capital - NT Growth Partners, LP and SVB Capital Preferred Return Fund, LP, respectively.

(3) Represents commitments to 286 funds (primarily venture capital funds) where our ownership interest is generally less than 5 percent of the voting interests of each such fund.

(4) We are subject to the Volcker Rule which restricts or limits us from sponsoring or having ownership interests in “covered” funds including venture capital and private equity funds. See “Business - Supervision and Regulation” under Part I, Item 1 in this report.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table details the amounts of remaining unfunded commitments to venture capital and private equity funds by our consolidated managed funds of funds (including our interest and the noncontrolling interests) at December 31, 2014:

Limited Partnership (Dollars in thousands)	Unfunded Commitments
SVB Strategic Investors Fund, LP	$ 2,250
SVB Strategic Investors Fund II, LP	5,133
SVB Strategic Investors Fund III, LP	12,706
SVB Strategic Investors Fund IV, LP	36,503
Strategic Investors Fund V Funds	140,362
Strategic Investors Fund VI Funds	254,248
SVB Capital Preferred Return Fund, LP	5,163
SVB Capital—NT Growth Partners, LP	5,872
Other private equity fund	77
Total	$ 462,314

19. Fair Value of Financial Instruments

Fair Value Measurements

Our available-for-sale securities, derivative instruments and certain non-marketable, marketable and other securities are financial instruments recorded at fair value on a recurring basis. We make estimates regarding valuation of assets and liabilities measured at fair value in preparing our consolidated financial statements.

The following fair value hierarchy table presents information about our assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2014:

(Dollars in thousands)	Level 1	Level 2	Level 3	Balance at December 31, 2014
Assets				
Available-for-sale securities:				
U.S. treasury securities	$ 7,302,273	$ —	$ —	$ 7,302,273
U.S. agency debentures	—	3,561,556	—	3,561,556
Residential mortgage-backed securities:				
Agency-issued collateralized mortgage obligations - fixed rate	—	1,884,843	—	1,884,843
Agency-issued collateralized mortgage obligations - variable rate	—	784,475	—	784,475
Equity securities	4,290	3,218	—	7,508
Total available-for-sale securities	7,306,563	6,234,092	—	13,540,655
Non-marketable and other securities (fair value accounting):				
Non-marketable securities:				
Venture capital and private equity fund investments	—	—	1,130,882	1,130,882
Other venture capital investments	—	—	71,204	71,204
Other securities	108,251	—	—	108,251
Total non-marketable and other securities (fair value accounting)	108,251	—	1,202,086	1,310,337
Other assets:				
Interest rate swaps	—	4,609	—	4,609
Foreign exchange forward and option contracts	—	34,231	—	34,231
Equity warrant assets	—	1,906	114,698	116,604
Client interest rate derivatives	—	2,546	—	2,546
Total assets (1)	$ 7,414,814	$ 6,277,384	$ 1,316,784	$ 15,008,982
Liabilities				
Foreign exchange forward and option contracts	$ —	$ 28,363	$ —	$ 28,363
Client interest rate derivatives	—	2,748	—	2,748
Total liabilities	$ —	$ 31,111	$ —	$ 31,111

(1) Included in Level 1 and Level 3 assets are $100 million and $1.1 billion, respectively, attributable to noncontrolling interests calculated based on the ownership percentages of the noncontrolling interests.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following fair value hierarchy table presents information about our assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2013:

(Dollars in thousands)	Level 1	Level 2	Level 3	Balance at December 31, 2013
Assets				
Available-for-sale securities:				
U.S. agency debentures	$ —	$ 4,345,232	$ —	$ 4,345,232
Residential mortgage-backed securities:				
Agency-issued mortgage-backed securities	—	2,473,576	—	2,473,576
Agency-issued collateralized mortgage obligations - fixed rate	—	3,325,758	—	3,325,758
Agency-issued collateralized mortgage obligations - variable rate	—	1,186,573	—	1,186,573
Agency-issued commercial mortgage-backed securities	—	564,604	—	564,604
Municipal bonds and notes	—	86,027	—	86,027
Equity securities	3,732	1,319	—	5,051
Total available-for-sale securities	3,732	11,983,089	—	11,986,821
Non-marketable and other securities (fair value accounting):				
Non-marketable securities:				
Venture capital and private equity fund investments	—	—	862,972	862,972
Other venture capital investments	—	—	32,839	32,839
Other securities	2,125	—	319,249	321,374
Total non-marketable and other securities (fair value accounting)	2,125	—	1,215,060	1,217,185
Other assets:				
Interest rate swaps	—	6,492	—	6,492
Foreign exchange forward and option contracts	—	15,530	—	15,530
Equity warrant assets	—	3,622	99,891	103,513
Loan conversion options	—	314	—	314
Client interest rate derivatives	—	1,265	—	1,265
Total assets (1)	$ 5,857	$ 12,010,312	$ 1,314,951	$ 13,331,120
Liabilities				
Foreign exchange forward and option contracts	$ —	$ 12,617	$ —	$ 12,617
Client interest rate derivatives	—	1,396	—	1,396
Total liabilities	$ —	$ 14,013	$ —	$ 14,013

(1) Included in Level 1 and Level 3 assets are $2 million and $1.1 billion, respectively, attributable to noncontrolling interests calculated based on the ownership percentages of the noncontrolling interests.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table presents additional information about Level 3 assets measured at fair value on a recurring basis for 2014, 2013 and 2012, respectively:

(Dollars in thousands)	Beginning Balance	Total Realized and Unrealized Gains, net Included in Income	Purchases	Sales	Issuances	Distributions and Other Settlements	Transfers Into Level 3	Transfers Out of Level 3	Ending Balance
Year ended December 31, 2014:									
Non-marketable and other securities (fair value accounting):									
Venture capital and private equity fund investments	$ 862,972	$ 263,484	$ 224,233	$ —	$ —	$ (219,807)	$ —	$ —	$ 1,130,882
Other venture capital investments	32,839	12,793	51,407	(20,362)	—	(5,347)	—	(126)	71,204
Other securities (fair value accounting)	319,249	103,864	—	(46,840)	—	3,863	—	(380,136)	—
Total non-marketable and other securities (fair value accounting) (1)	1,215,060	380,141	275,640	(67,202)	—	(221,291)	—	(380,262)	1,202,086
Other assets:									
Equity warrant assets (2)	99,891	71,516	—	(70,875)	13,671	2,215	—	(1,720)	114,698
Total assets	$ 1,314,951	$ 451,657	$ 275,640	$ (138,077)	$ 13,671	$ (219,076)	$ —	$ (381,982)	$ 1,316,784
Year ended December 31, 2013:									
Non-marketable and other securities (fair value accounting):									
Venture capital and private equity fund investments	$ 665,921	$ 169,219	$ 146,564	$ —	$ —	$ (118,732)	$ —	$ —	$ 862,972
Other venture capital investments	127,091	5,745	2,712	(1,224)	—	(97,924)	—	(3,561)	32,839
Other securities (fair value accounting)	—	222,368	—	—	—	96,881	—	—	319,249
Total non-marketable and other securities (fair value accounting) (1)	793,012	397,332	149,276	(1,224)	—	(119,775)	—	(3,561)	1,215,060
Other assets:									
Equity warrant assets (2)	66,129	22,929	—	(16,680)	9,098	1,540	24,217	(7,342)	99,891
Total assets	$ 859,141	$ 420,261	$ 149,276	$ (17,904)	$ 9,098	$ (118,235)	$ 24,217	$ (10,903)	$ 1,314,951
Year ended December 31, 2012:									
Non-marketable and other securities (fair value accounting):									
Venture capital and private equity fund investments	$ 611,824	$ 44,283	$ 122,238	$ —	$ —	$ (112,424)	$ —	$ —	$ 665,921
Other venture capital investments	124,121	46,711	13,123	(9,716)	—	(39,558)	—	(7,590)	127,091
Other investments	987	21	—	—	—	(1,008)	—	—	—
Total non-marketable and other securities (fair value accounting) (1)	736,932	91,015	135,361	(9,716)	—	(152,990)	—	(7,590)	793,012
Other assets:									
Equity warrant assets (2)	63,030	13,697	—	(21,077)	11,978	(78)	—	(1,421)	66,129
Total assets	$ 799,962	$ 104,712	$ 135,361	$ (30,793)	$ 11,978	$ (153,068)	$ —	$ (9,011)	$ 859,141

(1) Realized and unrealized gains, net are recorded on the line items “gains on investment securities, net”, and “other noninterest income”, components of noninterest income.
(2) Realized and unrealized gains are recorded on the line item “gains on derivative instruments, net”, a component of noninterest income.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table presents the amount of unrealized gains (losses) included in earnings (which is inclusive of noncontrolling interest) attributable to Level 3 assets still held at December 31, 2014 and December 31, 2013, respectively:

	Year ended December 31,	
(Dollars in thousands)	2014	2013
Non-marketable and other securities (fair value accounting):		
Venture capital and private equity fund investments	$ 276,686	$ 168,567
Other venture capital investments (1)	3,044	6,207
Other securities (1)	—	222,368
Total non-marketable and other securities (fair value accounting) (2)	279,730	397,142
Other assets:		
Equity warrant assets (3)	36,516	30,579
Total unrealized gains, net	$ 316,246	$ 427,721
Unrealized gains attributable to noncontrolling interests	$ 255,131	$ 346,954

(1) 2013 included total unrealized valuation gains of $219 million attributable to two of our portfolio companies, FireEye and Twitter.
(2) Unrealized gains are recorded on the line items “gains on investment securities, net”, and “other noninterest income”, components of noninterest income.
(3) Unrealized gains are recorded on the line item “gains on derivative instruments, net”, a component of noninterest income.

The extent to which any unrealized gains will become realized is subject to a variety of factors, including, among other things, the expiration of current sales restrictions to which these securities are subject, the actual sales of securities and the timing of such actual sales.

The following table presents quantitative information about the significant unobservable inputs used for certain of our Level 3 fair value measurements at December 31, 2014. We have not included in this table our venture capital and private equity fund investments (fair value accounting) as we use net asset value per share (as obtained from the general partners of the investments) as a practical expedient to determine fair value.

(Dollars in thousands)	Fair Value	Valuation Technique	Significant Unobservable Inputs	Weighted Average
December 31, 2014:				
Other venture capital investments (fair value accounting)	$ 71,204	Private company equity pricing	(1)	(1)
Equity warrant assets (public portfolio)	1,681	Modified Black-Scholes option pricing model	Volatility	42.6%
			Risk-Free interest rate	1.7
			Sales restrictions discount (2)	17.8
Equity warrant assets (private portfolio)	113,017	Modified Black-Scholes option pricing model	Volatility	38.3
			Risk-Free interest rate	0.9
			Marketability discount (3)	20.0
			Remaining life assumption (4)	45.0
December 31, 2013:				
Other venture capital investments (fair value accounting)	$ 32,839	Private company equity pricing	(1)	(1)
Other securities	319,249	Modified stock price	Sales restrictions discount (2)	12.0%
Equity warrant assets (public portfolio)	24,217	Modified Black-Scholes option pricing model	Volatility	41.3
			Risk-Free interest rate	1.7
			Sales restrictions discount (2)	13.7
Equity warrant assets (private portfolio)	75,674	Modified Black-Scholes option pricing model	Volatility	40.1
			Risk-Free interest rate	0.8
			Marketability discount (3)	22.5
			Remaining life assumption (4)	45.0

(1) In determining the fair value of our other venture capital investment portfolio, we evaluate a variety of factors related to each underlying private portfolio company including, but not limited to, actual and forecasted results, cash position, recent or planned transactions and market comparable companies. Additionally, we have ongoing communication with the portfolio companies and venture capital fund managers, to determine whether there is a material change in fair value. These factors are specific to each portfolio company and a weighted average or range of values of the unobservable inputs is not meaningful.

(2) We adjust quoted market prices of public companies which are subject to certain sales restrictions. Sales restriction discounts generally range from 10 percent to 20 percent depending on the duration of the sales restrictions which typically range from 3 to 6 months.

(3) Our marketability discount is applied to all private company warrants to account for a general lack of liquidity due to the private nature of the associated underlying company. The quantitative measure used is based on long-run averages and is influenced over time by various factors, including market conditions. On a quarterly basis, a sensitivity analysis is performed on our marketability discount.

(4) We adjust the contractual remaining term of private company warrants based on our best estimate of the actual remaining life, which we determine by utilizing historical data on cancellations and exercises. At December 31, 2014, the weighted average contractual remaining term was 2.7 years, compared to our estimated remaining life of 5.9 years. On a quarterly basis, a sensitivity analysis is performed on our remaining life assumption.

During 2014 and 2013, there were no transfers between Level 2 and Level 1, compared to transfers of $3.1 million from Level 2 to Level 1 in 2012. Transfers from Level 3 to Level 1 during 2014 included $380.1 million as a result of the expiration of lockup and other restrictions on certain of our other securities. Transfers from Level 3 to Level 2 for 2013 and 2012 included $3.6 million and $7.6 million, respectively, as a result of the expiration of lock-up, and other sales restrictions on certain of our other venture capital investments. During 2013, a new sales restriction discount was applied to the valuation of public equity warrant assets, which were subject to certain sales restrictions. The application of this discount resulted in a transfer of $24.2 million of public equity warrant assets from Level 2 to Level 3.

All other transfers from Level 3 to Level 2 during 2014, 2013 and 2012 were due to the transfer of equity warrant assets from our private portfolio to our public portfolio (See our Level 3 reconciliation above). All amounts reported as transfers represent the fair value as of the date of the change in circumstances that caused the transfer.

Financial Instruments not Carried at Fair Value

FASB guidance over financial instruments requires that we disclose estimated fair values for our financial instruments not carried at fair value. Fair value estimates, methods and assumptions, set forth below for our financial instruments, are made solely to comply with these requirements.

Fair values are based on estimates or calculations at the transaction level using present value techniques in instances where quoted market prices are not available. Because broadly traded markets do not exist for many of our financial instruments, the fair value calculations attempt to incorporate the effect of current market conditions at a specific time. The aggregation of the fair value calculations presented herein does not represent, and should not be construed to represent, the underlying value of the Company.

The following describes the methods and assumptions used in estimating the fair values of financial instruments for which carrying value approximates fair value and assets and liabilities measured at fair value on a nonrecurring basis and excludes financial instruments already recorded at fair value as described above.

Financial Instruments for which Carrying Value Approximates Fair Value

Certain financial instruments that are not carried at fair value on the Consolidated Balance Sheets are carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk. These instruments include cash and cash equivalents; FHLB and FRB stock; accrued interest receivable; short-term borrowings; short-term time deposits; and accrued interest payable. In addition, U.S. GAAP requires that the fair value of deposit liabilities with no stated maturity (i.e., demand, savings and certain money market deposits) be equal to their carrying value; recognition of the inherent funding value of these instruments is not permitted.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Held-to-Maturity Securities

Held-to-maturity securities include similar investments held in our available-for-sale securities portfolio and are valued using the same methodologies. All securities included in our held-to-maturity securities portfolio are valued using Level 2 inputs. Refer to Level 2 fair value measurements above for significant inputs used in the valuation of our held-to-maturity investment securities.

Non-Marketable (Cost and Equity Method Accounting)

Non-marketable securities includes other investments (equity method accounting), low income housing tax credit funds (equity method accounting), venture capital and private equity fund investments (cost method accounting), and other venture capital investments (cost method accounting). Other investments (equity method accounting) includes our investment in SPD-SVB, our joint venture bank in China. At this time, the carrying value of our investment in SPD-SVB is a reasonable estimate of fair value. The fair value of the remaining other investments (equity method accounting) and the fair value of venture capital and private equity fund investments (cost method accounting) and other venture capital investments (cost method accounting) is based on financial information obtained from the investee or obtained from the fund investments' or debt fund investments' respective general partners. For private company investments, estimated fair value is based on consideration of a range of factors including, but not limited to, the price at which the investment was acquired, the term and nature of the investment, local market conditions, values for comparable securities, current and projected operating performance, exit strategies, and financing transactions subsequent to the acquisition of the investment. For our fund investments, we utilize the net asset value per share as obtained from the general partners of the investments. We adjust the net asset value per share for differences between our measurement date and the date of the fund investment's net asset value by using the most recently available financial information from the investee general partner, for example September 30th, for our December 31st consolidated financial statements, adjusted for any contributions paid, distributions received from the investment, and significant fund transactions or market events during the reporting period. The carrying value of our low income housing tax credit funds (equity method accounting) is a reasonable estimate of fair value.

Loans

The fair value of fixed and variable rate loans is estimated by discounting contractual cash flows using rates that reflect current pricing for similar loans and the projected forward yield curve. This method is not based on the exit price concept of fair value required under ASC 820, *Fair Value Measurements and Disclosures*.

Long-lived Assets Held-for-Sale

The fair value of assets held-for-sale are estimated by their net realizable value, which represents the potential sales price less costs to sell. Valuation techniques utilized are significant assumptions not observable in the market, accordingly, we classify these assets as Level 3.

Long-Term Deposits

The fair value of long-term time deposits is estimated by discounting the cash flows using our cost of borrowings and the projected forward yield curve over their remaining contractual term.

Long-Term Debt

The fair value of long-term debt is generally based on quoted market prices, when available, or is estimated based on calculations utilizing third-party pricing services and current market spread, price indications from reputable dealers or observable market prices of the underlying instrument(s), whichever is deemed more reliable. Also included in the estimated fair value of our 6.05% Subordinated Notes are amounts related to hedge accounting associated with the notes.

Off-Balance Sheet Financial Instruments

The fair value of net available commitments to extend credit is estimated based on the average amount we would receive or pay to execute a new agreement with identical terms and pricing, while taking into account the counterparties' credit standing.

Letters of credit are carried at their fair value, which is equivalent to the residual premium or fee at December 31, 2014 and 2013. Commitments to extend credit and letters of credit typically result in loans with a market interest rate if funded.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following fair value hierarchy table presents the estimated fair values of our financial instruments that are not carried at fair value at December 31, 2014 and 2013:

		Estimated Fair Value		
(Dollars in thousands)	Carrying Amount	Level 1	Level 2	Level 3
December 31, 2014:				
Financial assets:				
Cash and cash equivalents	$ 1,796,062	$ 1,796,062	$ —	$ —
Held-to-maturity securities	7,421,042	—	7,415,656	—
Non-marketable securities (cost and equity method accounting)	418,551	—	—	512,473
Net commercial loans	12,947,869	—	—	13,082,487
Net consumer loans	1,271,048	—	—	1,247,336
Net long-lived assets held-for-sale	44,253	—	—	45,410
FHLB and FRB stock	53,496	—	—	53,496
Accrued interest receivable	94,180	—	94,180	—
Financial liabilities:				
Other short-term borrowings	7,781	7,781	—	—
Non-maturity deposits (1)	34,215,372	34,215,372	—	—
Time deposits	128,127	—	128,107	—
5.375% Senior Notes	348,436	—	392,616	—
6.05% Subordinated Notes (2)	50,162	—	53,537	—
7.0% Junior Subordinated Debentures	54,845	—	52,990	—
Accrued interest payable	6,998	—	6,998	—
Off-balance sheet financial assets:				
Commitments to extend credit	—	—	—	29,097
December 31, 2013:				
Financial assets:				
Cash and cash equivalents	$ 1,538,779	$ 1,538,779	$ —	$ —
Non-marketable securities (cost and equity method accounting)	378,309	—	—	447,783
Net commercial loans	9,796,878	—	—	9,935,917
Net consumer loans	966,622	—	—	1,005,080
FHLB and FRB stock	40,632	—	—	40,632
Accrued interest receivable	67,772	—	67,772	—
Financial liabilities:				
Other short-term borrowings	5,080	5,080	—	—
Non-maturity deposits (1)	22,259,119	22,259,119	—	—
Time deposits	213,860	—	213,874	—
5.375% Senior Notes	348,209	—	383,782	—
6.05% Subordinated Notes (2)	51,987	—	56,297	—
7.0% Junior Subordinated Debentures	55,020	—	51,915	—
Accrued interest payable	6,858	—	6,858	—
Off-balance sheet financial assets:				
Commitments to extend credit	—	—	—	24,285

(1) Includes noninterest-bearing demand deposits, interest-bearing checking accounts, money market accounts and interest-bearing sweep deposits.

(2) At December 31, 2014 and 2013, included in the carrying value and estimated fair value of our 6.05% Subordinated Notes was $4.6 million and $6.5 million, respectively, related to hedge accounting associated with the notes.

Investments in Entities that Calculate Net Asset Value Per Share

FASB guidance over certain fund investments requires that we disclose the fair value of funds, significant investment strategies of the investees, redemption features of the investees, restrictions on the ability to sell investments, estimate of the period of time over which the underlying assets are expected to be liquidated by the investee, and unfunded commitments related to the investments.

Our investments in debt funds and venture capital and private equity fund investments generally cannot be redeemed. Alternatively, we expect distributions, if any, to be received primarily through IPOs and M&A activity of the underlying assets of the fund. We currently do not have any plans to sell any of these fund investments. If we decide to sell these investments in the future, the investee fund's management must approve of the buyer before the sale of the investments can be completed. The fair values of the fund investments have been estimated using the net asset value per share of the investments, adjusted for any differences between our measurement date and the date of the fund investment's net asset value by using the most recently available financial information from the investee general partner, for example September 30th, for our December 31st consolidated financial statements, adjusted for any contributions paid, distributions received from the investment, and significant fund transactions or market events during the reporting period.

The following table is a summary of the estimated fair values of these investments and remaining unfunded commitments for each major category of these investments as of December 31, 2014:

(Dollars in thousands)	Carrying Amount	Fair Value	Unfunded Commitments
Non-marketable securities (fair value accounting):			
Venture capital and private equity fund investments (1)	$ 1,130,882	$ 1,130,882	$ 462,314
Non-marketable securities (equity method accounting):			
Other investments (2)	47,876	49,066	5,836
Non-marketable securities (cost method accounting):			
Venture capital and private equity fund investments (3)	140,551	234,053	18,563
Total	$ 1,319,309	$ 1,414,001	$ 486,713

(1) Venture capital and private equity fund investments within non-marketable and other securities (fair value accounting) include investments made by our managed funds of funds and one of our direct venture funds. These investments represent investments in venture capital and private equity funds that invest primarily in U.S. and global technology and life science & healthcare companies. Included in the fair value and unfunded commitments of fund investments under fair value accounting are $1.0 billion and $459 million, respectively, attributable to noncontrolling interests. It is estimated that we will receive distributions from the fund investments over the next 10 to 13 years, depending on the age of the funds and any potential extensions of terms of the funds.

(2) Other investments within non-marketable securities (equity method accounting) include investments in debt funds and venture capital and private equity fund investments that invest in or lend money to primarily U.S. and global technology and life science & healthcare companies. It is estimated that we will receive distributions from the fund investments over the next 10 to 13 years, depending on the age of the funds.

(3) Venture capital and private equity fund investments within non-marketable securities (cost method accounting) include investments in venture capital and private equity fund investments that invest primarily in U.S. and global technology and life science & healthcare companies. It is estimated that we will receive distributions from the fund investments over the next 10 to 13 years, depending on the age of the funds and any potential extensions of the terms of the funds.

20. Regulatory Matters

The Company and the Bank are subject to various regulatory capital adequacy requirements administered by the Federal Reserve Board and the California Department of Business Oversight - Division of Financial Institutions. The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") required that the federal regulatory agencies adopt regulations defining five capital categories for banks: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our consolidated financial statements.

Quantitative measures, established by the regulators to ensure capital adequacy, require that SVB Financial Group and the Bank maintain minimum ratios (set forth in the table below) of capital to risk-weighted assets. There are three categories of capital under the guidelines. Tier 1 capital includes common stockholders' equity (excluding any net unrealized gains or losses, after applicable taxes, on available-for-sale securities), qualifying preferred stock and trust preferred securities, less goodwill and certain other deductions (including the net unrealized losses, after applicable taxes, on available-for-sale equity securities carried at fair value). At least 50 percent of the qualifying total capital should consist of Tier 1 capital. Components of Tier 2 capital include preferred stock not qualifying as Tier 1 capital, qualifying subordinated debt, the allowance for credit losses, up to a maximum of 1.25 percent of risk-weighted assets and unrealized gains on available-for-sale equity securities, subject to limitations set by the guidelines. Tier 3 capital includes certain qualifying unsecured subordinated debt. We did not have any Tier 3 capital as of December 31, 2014 and 2013.

As of December 31, 2014, both SVB Financial and the Bank were considered "well-capitalized" for regulatory purposes under existing capital guidelines. There are no conditions or events since that date that management believes would have a material impact on that capital category.

The following table presents the capital ratios for the Company and the Bank under federal regulatory guidelines, compared to the minimum regulatory capital requirements for an adequately capitalized and a well-capitalized depository institution, as of December 31, 2014 and 2013:

	Capital Ratios			Capital Amounts		
(Dollars in thousands)	Actual	Well Capitalized Minimum	Adequately Capitalized Minimum	Actual	Well Capitalized Minimum	Adequately Capitalized Minimum
December 31, 2014:						
Total risk-based capital:						
SVB Financial	13.92%	10.0%	8.0%	$ 3,030,150	$ 2,176,210	$ 1,740,968
Bank	12.12	10.0	8.0	2,600,011	2,145,788	1,716,630
Tier 1 risk-based capital:						
SVB Financial	12.91	6.0	4.0	2,808,948	1,305,726	870,484
Bank	11.09	6.0	4.0	2,379,991	1,287,473	858,315
Tier 1 leverage:						
SVB Financial	7.74	N/A	4.0	2,808,948	N/A	1,450,927
Bank	6.64	5.0	4.0	2,379,991	1,793,264	1,434,611
December 31, 2013:						
Total risk-based capital:						
SVB Financial	13.13%	10.0%	8.0%	$ 2,218,996	$ 1,690,150	$ 1,352,120
Bank	11.32	10.0	8.0	1,880,254	1,661,287	1,329,030
Tier 1 risk-based capital:						
SVB Financial	11.94	6.0	4.0	2,018,455	1,014,090	676,060
Bank	10.11	6.0	4.0	1,680,212	996,772	664,515
Tier 1 leverage:						
SVB Financial	8.31	N/A	4.0	2,018,455	N/A	972,130
Bank	7.04	5.0	4.0	1,680,212	1,194,012	955,210

21. Segment Reporting

We have three reportable segments for management reporting purposes: Global Commercial Bank, SVB Private Bank and SVB Capital. The results of our operating segments are based on our internal management reporting process.

Our operating segments' primary source of revenue is from net interest income, which is primarily the difference between interest earned on loans, net of funds transfer pricing ("FTP"), and interest paid on deposits, net of FTP. Accordingly, our segments are reported using net interest income, net of FTP. FTP is an internal measurement framework designed to assess the financial impact of a financial institution's sources and uses of funds. It is the mechanism by which an earnings credit is given for deposits raised, and an earnings charge is made for funded loans. FTP is calculated at an instrument level based on account characteristics.

We also evaluate performance based on provision for loan losses, noninterest income and noninterest expense, which are presented as components of segment operating profit or loss. In calculating each operating segment's noninterest expense, we consider the direct costs incurred by the operating segment as well as certain allocated direct costs. As part of this review, we allocate certain corporate overhead costs to a corporate account. We do not allocate income taxes to our segments. Additionally, our management reporting model is predicated on average asset balances; therefore, period-end asset balances are not presented for segment reporting purposes. Changes in an individual client's primary relationship designation have resulted, and in the future may result, in the inclusion of certain clients in different segments in different periods.

Unlike financial reporting, which benefits from the comprehensive structure provided by GAAP, our internal management reporting process is highly subjective, as there is no comprehensive, authoritative guidance for management reporting. Our management reporting process measures the performance of our operating segments based on our internal operating structure,

which is subject to change from time to time, and is not necessarily comparable with similar information for other financial services companies. For reporting purposes, SVB Financial Group has three operating segments for which we report our financial information (for further description of these reportable segments, refer to "Business–Business Overview" under Part I, Item 1 of this report):

- **Global Commercial Bank** is comprised of results from the following:
  - Our **Commercial Bank** products and services are provided by the Bank and its subsidiaries to commercial clients in the technology, life science & healthcare and private equity/venture capital industries. The Bank provides solutions to the financial needs of commercial clients, through credit, global treasury management, foreign exchange, global trade finance, and other services. It broadly serves clients within the United States, as well as non-U.S. clients in key international innovation markets. In addition, the Bank and its subsidiaries offer a variety of investment services and solutions to its clients that enable them to effectively manage their assets.
  - Our **Private Equity Division** provides banking products and services primarily to our private equity and venture capital clients.
  - **SVB Wine** provides banking products and services to our premium wine industry clients, including vineyard development loans. This practice is formerly known as SVB Specialty Lending and included our Community Development Finance practice which makes loans as part of our responsibilities under the Community Reinvestment Act. During the third quarter of 2014, management realigned the organizational structure of our Community Development Finance practice in order to improve its oversight and compliance for loans made as part of our responsibilities under the Community Reinvestment Act. This practice, formerly included in the GCB results, has been moved into "Other Items". Prior period results have been recast to conform to the new composition of these reportable segments and had no material effect on either the Global Commercial Bank or Other reporting segments.
  - **SVB Analytics** provides equity valuation services to companies and private equity/venture capital firms.
  - **Debt Fund Investments** is comprised of our investments in debt funds in which we are a strategic investor.

- **SVB Private Bank** is the private banking division of the Bank, which provides a range of personal financial solutions for consumers. Our clients are primarily private equity/venture capital professionals and executive leaders of the innovation companies they support. We offer a customized suite of private banking services, including mortgages, home equity lines of credit, restricted stock purchase loans, capital call lines of credit and other secured and unsecured lending, as well as cash and wealth management services.

- **SVB Capital**is the venture capital investment arm of SVBFG, which focuses primarily on funds management. SVB Capital manages funds (primarily venture capital funds) on behalf of third party limited partners and, on a more limited basis, SVB Financial Group. The SVB Capital family of funds is comprised of direct venture funds that invest in companies and funds of funds that invest in other venture capital funds. SVB Capital generates income for the Company primarily through investment returns (including carried interest) and management fees.

The summary financial results of our operating segments are presented along with a reconciliation to our consolidated results.

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Our segment information for 2014, 2013 and 2012 is as follows:

(Dollars in thousands)	Global Commercial Bank (1)	SVB Private Bank	SVB Capital (1)	Other Items (2)	Total
Year ended December 31, 2014					
Net interest income	$ 742,274	$ 31,427	$ 58	$ 82,836	$ 856,595
Provision for loan losses	(58,622)	(864)	—	—	(59,486)
Noninterest income	213,084	1,494	58,058	299,603	572,239
Noninterest expense (3)	(510,165)	(10,571)	(12,668)	(183,467)	(716,871)
Income before income tax expense (4)	$ 386,571	$ 21,486	$ 45,448	$ 198,972	$ 652,477
Total average loans, net of unearned income	$ 10,286,448	$ 1,157,024	$ —	$ 59,469	$ 11,502,941
Total average assets (5)	30,286,374	1,150,835	320,129	1,206,857	32,964,195
Total average deposits	27,364,246	890,062	—	66,517	28,320,825
Year ended December 31, 2013					
Net interest income	$ 641,384	$ 26,701	$ 20	$ 29,239	$ 697,344
(Provision for) reduction of loan losses	(65,290)	1,597	—	—	(63,693)
Noninterest income	202,404	1,209	75,037	394,556	673,206
Noninterest expense (3)	(429,650)	(9,195)	(10,737)	(172,098)	(621,680)
Income before income tax expense (4)	$ 348,848	$ 20,312	$ 64,320	$ 251,697	$ 685,177
Total average loans, net of unearned income	$ 8,401,943	$ 919,831	$ —	$ 29,604	$ 9,351,378
Total average assets (5)	21,395,501	955,441	289,328	570,477	23,210,747
Total average deposits	19,072,608	524,398	—	22,188	19,619,194
Year ended December 31, 2012					
Net interest income	$ 593,770	$ 21,807	$ 15	$ 2,272	$ 617,864
(Provision for) reduction of loan losses	(45,417)	1,087	—	—	(44,330)
Noninterest income	188,821	681	27,435	118,609	335,546
Noninterest expense (3)	(393,151)	(7,388)	(11,263)	(134,196)	(545,998)
Income (loss) before income tax expense (4)	$ 344,023	$ 16,187	$ 16,187	$ (13,315)	$ 363,082
Total average loans, net of unearned income	$ 6,750,951	$ 758,471	$ —	$ 49,506	$ 7,558,928
Total average assets (5)	19,557,289	759,251	239,335	755,297	21,311,172
Total average deposits	17,574,001	313,836	—	22,251	17,910,088

(1) Global Commercial Bank's and SVB Capital's components of net interest income, noninterest income, noninterest expense and total average assets are shown net of noncontrolling interests for all periods presented. Noncontrolling interest is included within "Other Items".

(2) The "Other Items" column reflects the adjustments necessary to reconcile the results of the operating segments to the consolidated financial statements prepared in conformity with GAAP. Noninterest income is primarily attributable to noncontrolling interests and gains on equity warrant assets. Noninterest expense primarily consists of expenses associated with corporate support functions such as finance, human resources, marketing, legal and other expenses. Additionally, average assets primarily consist of cash and cash equivalents and loans from our Community Development Finance practice as part of our responsibilities under the Community Reinvestment Act.

(3) The Global Commercial Bank segment includes direct depreciation and amortization of $20.9 million, $18.7 million and $14.4 million for 2014, 2013 and 2012, respectively.

(4) The internal reporting model used by management to assess segment performance does not calculate income tax expense by segment. Our effective tax rate is a reasonable approximation of the segment rates.

(5) Total average assets equals the greater of total average assets or the sum of total liabilities and total stockholders' equity for each segment.

22. Parent Company Only Condensed Financial Information

The condensed balance sheets of SVB Financial at December 31, 2014 and 2013, and the related condensed statements of income, comprehensive income and cash flows for 2014, 2013 and 2012, are presented below.

Condensed Balance Sheets

(Dollars in thousands)	December 31, 2014	December 31, 2013
Assets:		
Cash and cash equivalents	$ 314,236	$ 218,148
Investment securities	229,604	234,398
Net loans	16,684	4,791
Other assets	159,244	136,897
Investment in subsidiaries:		
Bank subsidiary	2,404,101	1,639,024
Nonbank subsidiaries	149,558	160,271
Total assets	$ 3,273,427	$ 2,393,529
Liabilities and SVBFG stockholders' equity:		
5.375% Senior Notes	$ 348,435	$ 348,209
7.0% Junior Subordinated Debentures	54,845	55,020
Other liabilities	52,385	24,030
Total liabilities	455,665	427,259
SVBFG stockholders' equity	2,817,762	1,966,270
Total liabilities and SVBFG stockholders' equity	$ 3,273,427	$ 2,393,529

Condensed Statements of Income

(Dollars in thousands)	Year ended December 31, 2014	2013	2012
Interest income	$ 2,534	$ 3,545	$ 3,282
Interest expense	(21,863)	(24,408)	(23,037)
Dividend income from bank subsidiary	—	10,000	—
Gains on derivative instruments, net	66,604	47,421	17,289
Gains on investment securities, net	8,750	15,238	15,329
Impairment loss on cumulative foreign currency translation losses	(9,564)	—	—
General and administrative expenses	(53,912)	(54,389)	(66,812)
Income tax (expense) benefit	(15,038)	(15,824)	12,200
Loss before net income of subsidiaries	(22,489)	(18,417)	(41,749)
Equity in undistributed net income of nonbank subsidiaries	37,009	58,075	21,457
Equity in undistributed net income of bank subsidiary	249,405	176,195	195,395
Net income available to common stockholders	$ 263,925	$ 215,853	$ 175,103

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Condensed Statements of Comprehensive Income

(Dollars in thousands)	Year ended December 31, 2014	2013	2012
Net income available to common stockholders	$ 263,925	$ 215,853	$ 175,103
Other comprehensive income (loss), net of tax:			
Foreign currency translation gains (losses)	3,012	(3,128)	(114)
Unrealized holding gains (losses) on securities available for sale	1,232	(1,449)	2,074
Equity in other comprehensive income (losses) of subsidiaries	87,224	(152,740)	21,194
Other comprehensive income (loss), net of tax	91,468	(157,317)	23,154
Total comprehensive income	$ 355,393	$ 58,536	$ 198,257

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Condensed Statements of Cash Flows

(Dollars in thousands)	Year ended December 31, 2014	2013	2012
Cash flows from operating activities:			
Net income attributable to SVBFG	$ 263,925	$ 215,853	$ 175,103
Adjustments to reconcile net income to net cash used for operating activities:			
Gains on derivative instruments, net	(66,604)	(47,421)	(17,289)
Gains on investment securities, net	(8,750)	(15,238)	(15,329)
Net income of bank subsidiary	(249,405)	(186,195)	(195,395)
Net income on nonbank subsidiaries	(37,009)	(58,075)	(21,457)
Cash dividends from bank subsidiary	—	10,000	—
Amortization of share-based compensation	29,545	25,413	21,861
Decrease (increase) in other assets	44,006	(11,901)	5,463
Increase in other liabilities	28,303	1,506	3,952
Impairment loss on SVBIF Sale Transaction	9,564	—	—
Other, net	584	(1,269)	2,273
Net cash provided by (used for) operating activities	14,159	(67,327)	(40,818)
Cash flows from investing activities:			
Net decrease in investment securities from purchases, sales and maturities	15,469	70,479	11,833
Net (increase) decrease in loans	(11,893)	4,078	2,034
(Increase) decrease in investment in bank subsidiary	(432,804)	(21,469)	12,180
Decrease in investment in nonbank subsidiaries	44,714	9,925	13,012
Net cash (used for) provided by investing activities	(384,514)	63,013	39,059
Cash flows from financing activities:			
Principal payments of other long-term debt	—	—	(1,222)
Tax benefit from stock exercises	9,431	6,826	5,581
Proceeds from issuance of common stock and ESPP	22,146	46,569	29,282
Net proceeds from public equity offering	434,866	—	—
Net cash provided by financing activities	466,443	53,395	33,641
Net increase in cash and cash equivalents	96,088	49,081	31,882
Cash and cash equivalents at beginning of period	218,148	169,067	137,185
Cash and cash equivalents at end of period	**$ 314,236**	**$ 218,148**	**$ 169,067**

23. Unaudited Quarterly Financial Data

Our supplemental consolidated financial information for each three month period in 2014 and 2013 are as follows:

	Three months ended			
(Dollars in thousands, except per share amounts)	March 31,	June 30,	September 30,	December 31,
2014:				
Interest income	$ 205,024	$ 213,841	$ 229,326	$ 243,725
Interest expense	(8,696)	(8,876)	(8,761)	(8,988)
Net interest income	196,328	204,965	220,565	234,737
Provision for loan losses	(494)	(1,947)	(16,610)	(40,435)
Noninterest income	310,225	14,210	80,167	167,637
Noninterest expense	(172,436)	(173,446)	(181,989)	(189,000)
Income before income tax expense	333,623	43,782	102,133	172,939
Income tax expense	58,917	33,582	38,961	42,302
Net income before noncontrolling interests	274,706	10,200	63,172	130,637
Net (income) loss attributable to noncontrolling interests	(183,405)	40,597	(177)	(71,805)
Net income available to common stockholders	**$ 91,301**	**$ 50,797**	**$ 62,995**	**$ 58,832**
Earnings per common share—basic	$ 1.99	$ 1.05	$ 1.24	$ 1.16
Earnings per common share—diluted	1.95	1.04	1.22	1.14
2013:				
Interest income	$ 171,014	$ 177,983	$ 185,240	$ 195,384
Interest expense	(7,845)	(7,902)	(8,144)	(8,386)
Net interest income	163,169	170,081	177,096	186,998
Provision for loan losses	(5,813)	(18,572)	(10,638)	(28,670)
Noninterest income	78,604	98,239	257,650	238,713
Noninterest expense	(149,014)	(143,292)	(160,524)	(168,850)
Income before income tax expense	86,946	106,456	263,584	228,191
Income tax expense	26,401	29,968	47,404	35,285
Net income before noncontrolling interests	60,545	76,488	216,180	192,906
Net income attributable to noncontrolling interests	(19,654)	(27,904)	(148,559)	(134,149)
Net income available to common stockholders	**$ 40,891**	**$ 48,584**	**$ 67,621**	**$ 58,757**
Earnings per common share—basic	$ 0.91	$ 1.08	$ 1.48	$ 1.29
Earnings per common share—diluted	0.90	1.06	1.46	1.27

24. Legal Matters

Certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against us or our affiliates. In accordance with applicable accounting guidance, we establish accruals for all lawsuits, claims and expected settlements when we believe it is probable that a loss has been incurred and the amount of the loss is reasonably estimable. When a loss contingency is not both probable and estimable, we do not establish an accrual. Any such loss estimates are inherently uncertain, based on currently available information and are subject to management's judgment and various assumptions. Due to the inherent subjectivity of these estimates and unpredictability of outcomes of legal proceedings, any amounts accrued may not represent the ultimate resolution of such matters.

To the extent we believe any potential loss relating to such lawsuits and claims may have a material impact on our liquidity, consolidated financial position, results of operations, and/or our business as a whole and is reasonably possible but not probable, we disclose information relating to any such potential loss, whether in excess of any established accruals or where there is no

established accrual. We also disclose information relating to any material potential loss that is probable but not reasonably estimable. Where reasonably practicable, we will provide an estimate of loss or range of potential loss. No disclosures are generally made for any loss contingencies that are deemed to be remote.

Based upon information available to us, our review of lawsuits and claims filed or pending against us to date and consultation with our outside legal counsel, we have not recognized a material accrual liability for these matters, nor do we currently expect it is reasonably possible that these matters will result in a material liability to the Company. However, the outcome of litigation and other legal and regulatory matters is inherently uncertain, and it is possible that one or more of such matters currently pending or threatened could have an unanticipated material adverse effect on our liquidity, consolidated financial position, results of operations, and/or our business as a whole, in the future.

25. Subsequent Events

SVBIF Sale Transaction

On January 15, 2015, the Bank, a wholly-owned subsidiary of SVB Financial Group and certain of its subsidiaries entered into a share purchase agreement (the “Agreement”) to sell all of the outstanding capital stock of the Bank’s subsidiary, SVB India Finance Private Limited, a non-banking financial company in India (“SVBIF”), to Temasek, a Singapore investment company, for a total sale price equal to the sum of SVBIF’s “share capital” and “reserves and surplus” accounts (its net asset value) as of a date shortly prior to the closing (the “Sale Transaction”). The closing of the transaction is subject to certain customary closing conditions, including regulatory approval by the Reserve Bank of India (“RBI”). Subject to such RBI approval, the Company expects the Sale Transaction to close in the first quarter of 2015. As a result of the SVBIF pending sale transaction, the Company classified SVBIF's net assets as held-for-sale as assets held-for-sale criteria were met and an impairment loss was recognized at December 31, 2014. Refer to Note 10 - "Disposal - Assets Held-for-Sale" in the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report for details of selected financial information included in the loss from the pending sale.

3.5% Senior Notes

On January 29, 2015, the Company issued $350 million of 3.5% Senior Notes due in January 2025 (“3.5% Senior Notes”). We received net proceeds from this offering of approximately $346.4 million after deducting underwriting discounts and commissions and estimated expenses payable by us. The Company contributed all of the net proceeds to the Bank.

Update on Securities Valuations for the First Quarter of 2015

As previously noted in prior disclosures, SVB and certain equity investment funds managed by SVB Capital, our funds management business, hold direct and indirect investments in FireEye. As of December 31, 2014, our managed funds (including SVB Financial's interest) held approximately 2.5 million shares of FireEye common stock ("FireEye Shares"). Subsequent to December 31, 2014, our managed direct venture funds distributed the remaining FireEye Shares to their respective investors. Accordingly, the distributions resulted in $14.6 million of net realized gains on investment securities ($2.8 million net of noncontrolling interests but inclusive of SVB Financial's carried interests).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) ***Disclosure Controls and Procedures***

Disclosure controls and procedures are the controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms. Disclosure controls and procedures include, among other things, processes, controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2014 pursuant to Exchange Act Rule 13a-15(b). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of December 31, 2014.

(b) ***Internal Control Over Financial Reporting***

Management is responsible for establishing and maintaining adequate internal control over financial reporting at the Company. Our internal control over financial reporting is a process designed under the supervision of the Chief Executive Officer and the Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with GAAP. A company's internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, transactions and dispositions of the company's assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures are being made only in accordance with authorization of management and the directors of the company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of December 31, 2014, the Company carried out an assessment, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's internal control over financial reporting pursuant to Rule 13a-15(c), as adopted by the SEC under the Exchange Act. In evaluating the effectiveness of the Company's internal control over financial reporting, management used the framework established in "Internal Control-Integrated Framework (1992)," issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management has concluded that, as of December 31, 2014, the Company's internal control over financial reporting was effective.

KPMG LLP, the independent registered public accounting firm that audited and reported on the consolidated financial statements of the Company, has issued an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014.

(c) ***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting identified in management's evaluation during the fourth quarter of the period covered by this Annual Report on Form 10-K that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information set forth under the sections titled "Proposal No. 1-Election of Directors," "Information on Executive Officers," "Board Committees," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Corporate Governance Principles and Board Matters" contained in the definitive proxy statement for SVB Financial's 2015 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the sections titled "Information on Executive Officers," "Compensation Discussion and Analysis," "Compensation for Named Executive Officers," "Compensation for Directors," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" contained in the definitive proxy statement for SVB Financial's 2015 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, AND RELATED STOCKHOLDER MATTERS

The information set forth under the sections titled "Security Ownership of Directors and Executive Officers" and "Security Ownership of Principal Stockholders" contained in the definitive proxy statement for SVB Financial's 2015 Annual Meeting of Stockholders is incorporated herein by reference.

Our stockholders have approved each of our active equity compensation plans. The following table provides certain information as of December 31, 2014 with respect to our equity compensation plans:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (2)
Equity compensation plans approved by stockholders	1,394,888	$ 66.03	3,774,613
Equity compensation plans not approved by stockholders	n/a	n/a	n/a
Total	1,394,888	$ 66.03	3,774,613

(1) Represents options granted under our 2006 Equity Incentive Plan. This number does not include securities to be issued for unvested restricted stock units of 614,666 shares.

(2) Includes shares available for issuance under our 2006 Equity Incentive Plan and 566,199 shares available for issuance under the 1999 Employee Stock Purchase Plan. This amount excludes securities already granted under our 2006 Equity Incentive Plan (as discussed above).

For additional information concerning our equity compensation plans, refer to Note 4-"Share-Based Compensation" of the "Notes to the Consolidated Financial Statements" under Part II, Item 8 in this report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information set forth under the sections titled "Certain Relationships and Related Transactions" and "Corporate Governance Principles and Board Matters-Board Independence, Leadership and Risk Oversight" in the definitive proxy statement for SVB Financial's 2015 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information set forth under the section titled "Principal Audit Fees and Services" contained in the definitive proxy statement for SVB Financial's 2015 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Exhibits:

		Page
(1)	**Financial Statements.** The following consolidated financial statements of the registrant and its subsidiaries are included in Part II Item 8:	
	Report of Independent Registered Public Accounting Firm	88
	Consolidated Balance Sheets as of December 31, 2014 and 2013	89
	Consolidated Statements of Income for the three years ended December 31, 2014	90
	Consolidated Statements of Comprehensive Income for the three years ended December 31, 2014	91
	Consolidated Statements of Stockholders' Equity for the three years ended December 31, 2014	92
	Consolidated Statements of Cash Flows for the three years ended December 31, 2014	93
	Notes to the Consolidated Financial Statements	94
(2)	**Financial Statement Schedule.** The consolidated financial statements and supplemental data are contained in Part II Item 8. All schedules other than as set forth above are omitted because of the absence of the conditions under which they are required or because the required information is included in the consolidated financial statements or related notes in Part II Item 8.	88
(3)	**Exhibits.** See Index to Exhibits included at the end of this Form 10-K	172

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SVB Financial Group

/s/ GREG W. BECKER

Greg W. Becker

President and Chief Executive Officer

Dated: February 26, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ ROGER F. DUNBAR **Roger F. Dunbar**	Chairman of the Board of Directors and Director	February 26, 2015
/s/ GREG W. BECKER **Greg W. Becker**	President, Chief Executive Officer and Director (Principal Executive Officer)	February 26, 2015
/s/ MICHAEL R. DESCHENEAUX **Michael R. Descheneaux**	Chief Financial Officer (Principal Financial Officer)	February 26, 2015
/s/ KAMRAN F. HUSAIN **Kamran F. Husain**	Chief Accounting Officer (Principal Accounting Officer)	February 26, 2015
/s/ ERIC A. BENHAMOU **Eric A. Benhamou**	Director	February 26, 2015
/s/ DAVID M. CLAPPER **David M. Clapper**	Director	February 26, 2015
/s/ JOEL P. FRIEDMAN **Joel P. Friedman**	Director	February 26, 2015
/s/ C. RICHARD KRAMLICH **C. Richard Kramlich**	Director	February 26, 2015
/s/ LATA KRISHNAN **Lata Krishnan**	Director	February 26, 2015
/s/ JEFFREY N. MAGGIONCALDA **Jeffrey N. Maggioncalda**	Director	February 26, 2015
/s/ KATE D. MITCHELL **Kate D. Mitchell**	Director	February 26, 2015
/s/ JOHN F. ROBINSON **John F. Robinson**	Director	February 26, 2015
/s/ GAREN K. STAGLIN **Garen K. Staglin**	Director	February 26, 2015

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Restated Certificate of Incorporation	8-K	000-15637	3.1	May 31, 2005	
3.2	Amended and Restated Bylaws	8-K	000-15637	3.2	July 27, 2010	
3.3	Certificate of Designation of Rights, Preferences and Privileges of Series A Participating Preferred Stock	8-K	000-15637	3.3	December 8, 2008	
3.4	Certificate of Designations for Fixed Rate Cumulative Perpetual Preferred Stock, Series B	8-K	000-15637	3.4	December 15, 2008	
4.1	Junior Subordinated Indenture, dated as of October 30, 2003 between SVB Financial and Wilmington Trust Company, as trustee	8-K	000-15637	4.12	November 19, 2003	
4.2	7.0% Junior Subordinated Deferrable Interest Debenture due October 15, 2033 of SVB Financial	8-K	000-15637	4.13	November 19, 2003	
4.3	Amended and Restated Trust Agreement, dated as of October 30, 2003, by and among SVB Financial as Depositor, Wilmington Trust Company as Property Trustee, Wilmington Trust Company as Delaware trustee, and the Administrative Trustees named therein	8-K	000-15637	4.14	November 19, 2003	
4.4	Certificate Evidencing 7% Cumulative Trust Preferred Securities of SVB Capital II, dated as of October 20, 2003	8-K	000-15637	4.15	November 19, 2003	
4.5	Guarantee Agreement, dated as of October 30, 2003 between SVB Financial and Wilmington Trust Company, as trustee	8-K	000-15637	4.16	November 19, 2003	
4.6	Agreement as to Expenses and Liabilities, dated as of October 30, 2003, between SVB Financial and SVB Capital II	8-K	000-15637	4.17	November 19, 2003	
4.7	Certificate Evidencing 7% Common Securities of SVB Capital II, dated as of October 30, 2003	8-K	000-15637	4.18	November 19, 2003	
4.8	Officers' Certificate and Company Order, dated as of October 30, 2003, relating to the 7.0% Junior Subordinated Deferrable Interest Debentures due October 15, 2033	8-K	000-15637	4.19	November 19, 2003	
4.9	Amended and Restated Preferred Stock Rights Agreement dated as of January 29, 2004, between SVB Financial and Wells Fargo Bank Minnesota, N.A.	8-A/A	000-15637	4.20	February 27, 2004	
4.10	Amendment No. 1 to Amended and Restated Preferred Stock Rights Agreement, dated as of August 2, 2004, by and between SVB Financial and Wells Fargo Bank, N.A.	8-A/A	000-15637	4.13	August 3, 2004	
4.11	Amendment No. 2 to Amended and Restated Preferred Stock Rights Agreement, dated as of August 2, 2004, by and between SVB Financial and Wells Fargo Bank, N.A.	8-A/A	000-15637	4.14	January 29, 2008	
4.12	Amendment No. 3 to Amended and Restated Preferred Stock Rights Agreement, dated as of April 30, 2008, by and between SVB Financial and Wells Fargo Bank, N.A.	8-A/A	000-15637	4.20	April 30, 2008	
4.13	Amendment No. 4 to Amended and Restated Preferred Stock Rights Agreement, dated as of January 15, 2010, by and between SVB Financial, Wells Fargo Bank, N.A. and American Stock Transfer and Trust Company, LLC	8-A/A	000-15637	4.22	January 19, 2010	
4.14	Indenture, dated September 20, 2010, by and between SVB Financial and U.S. Bank National Association, as trustee	8-K	000-15637	4.1	September 20, 2010	
4.15	Form of 5.375% Senior Note due 2020	8-K	000-15637	4.2	September 20, 2010	
4.16	Officer's Certificate, dated as of January 29, 2015, relating to the 3.50% Senior Note Due 2025	8-K	000-15637	4.2	January 29, 2015	
4.17	Form of 3.50% Senior Note due 2025	8-K	000-15637	4.3	January 29, 2015	
10.1	Office Lease Agreement, dated as of September 15, 2004, between CA-Lake Marriott Business Park Limited Partnership and Silicon Valley Bank: 3001, 3003 and 3101 Tasman Drive, Santa Clara, CA 95054	8-K	000-15637	10.28	September 20, 2004	
*10.2	401(k) and Employee Stock Ownership Plan	10-K	000-15637	10.2	February 27, 2014	
*10.3	Amended and Restated Retention Program Plan (RP Years 1999 - 2007)	10-Q	000-15637	10.4	August 7, 2008	
*10.4	1999 Employee Stock Purchase Plan	DEF 14A	000-15637	A	March 10, 2010	
*10.5	1997 Equity Incentive Plan, as amended	DEF 14A	000-15637	B-1	March 16, 2005	
*10.6	Form of Indemnification Agreement	10-Q	000-15637	10.7	November 6, 2009	
*10.7	Incentive Compensation Plan	8-K	000-15637	10.9	January 9, 2015	
*10.8	Deferred Compensation Plan	10-Q	000-15637	10.1	August 8, 2014	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
*10.9	Form of Restricted Stock Unit Agreement under 1997 Equity Incentive Plan	8-K	000-15637	10.30	November 5, 2004	
*10.10	Form of Incentive Stock Option Agreement under 1997 Equity Incentive Plan	10-Q	000-15637	10.31	November 9, 2004	
*10.11	Form of Nonstatutory Stock Option Agreement under 1997 Equity Incentive Plan	10-Q	000-15637	10.32	November 9, 2004	
*10.12	Form of Restricted Stock Bonus Agreement under 1997 Equity Incentive Plan	10-Q	000-15637	10.33	November 9, 2004	
*10.13	Change in Control Severance Plan	8-K	000-15637	10.14	March 15, 2012	
*10.14	2006 Equity Incentive Plan	8-K	000-15637	10.1	January 9, 2015	
*10.15	Form of Incentive Stock Option Agreement under 2006 Equity Incentive Plan+	10-Q	000-15637	10.16	August 7, 2009	
*10.16	Form of Nonqualified Stock Option Agreement under 2006 Equity Incentive Plan+	10-Q	000-15637	10.17	August 7, 2009	
*10.17	Form of Restricted Stock Unit Agreement under 2006 Equity Incentive Plan (for Executives)+	10-Q	000-15637	10.18	August 7, 2009	
*10.18	Form of Restricted Stock Unit Agreement for Employees under 2006 Equity Incentive Plan+	10-Q	000-15637	10.19	August 7, 2009	
*10.19	Form of Restricted Stock Award Agreement under 2006 Equity Incentive Plan+	10-Q	000-15637	10.20	August 7, 2009	
*10.20	Offer Letter dated November 2, 2006, for Michael Descheneaux	8-K	000-15637	10.31	April 17, 2007	
*10.21	Offer Letter dated April 25, 2007, for Michael Descheneaux	8-K/A	000-15637	10.32	May 2, 2007	
*10.22	Form of Restricted Stock Unit Agreement under 2006 Equity Incentive Plan (for Directors)+	10-Q	000-15637	10.23	August 7, 2009	
*10.23	Form of Restricted Stock Unit Election to Defer Settlement under 2006 Equity Incentive Plan (for Directors)+	10-Q	000-15637	10.24	November 10, 2008	
*10.24	Form of Restricted Stock Unit Election to Defer Settlement under 2006 Equity Incentive Plan (for Executives)+	10-Q	000-15637	10.27	November 10, 2008	
*10.25	Retention Program Plan (RP Years Beginning 2008)	10-Q	000-15637	10.26	August 7, 2008	
*10.26	Form of Letter Agreement with Michael Descheneaux re: Salary Changes	8-K	000-15637	10.31	May 14, 2009	
*10.27	Form of Stock Appreciation Right Agreement under 2006 Equity Incentive Plan+	10-Q	000-15637	10.32	August 7, 2009	
*10.28	Form of Restricted Stock Unit Agreement for Cash Settlement for Employees under 2006 Equity Incentive Plan+	10-Q	000-15637	10.33	August 7, 2009	
*10.29	Form of Restricted Stock Unit Agreement for Cash Settlement for Directors under 2006 Equity Incentive Plan+	10-Q	000-15637	10.34	August 7, 2009	
*10.30	SVB Financial Group Long-Term Cash Incentive Plan	8-K	000-15637	10.35	July 27, 2010	
*10.31	Form of Restricted Stock Award Agreement under 2006 Equity Incentive Plan++	10-K	000-15637	10.33	February 27, 2014	
*10.32	Form of Incentive Stock Option Agreement under 2006 Equity Incentive Plan++	10-K	000-15637	10.34	February 27, 2014	
*10.33	Form of Nonqualified Stock Option Agreement under 2006 Equity Incentive Plan++	10-K	000-15637	10.35	February 27, 2014	
*10.34	Form of Restricted Stock Unit Agreement under 2006 Equity Incentive Plan++	10-K	000-15637	10.36	February 27, 2014	
*10.35	Form of Restricted Stock Unit Award Agreement under 2006 Equity Incentive Plan (Performance-Based)++	10-K	000-15637	10.37	February 27, 2014	
*10.36	Form of Stock Appreciation Rights Agreement under 2006 Equity Incentive Plan++	10-K	000-15637	10.38	February 27, 2014	
*10.37	UK Sub-Plan of the 2006 Equity Incentive Plan++	10-Q	000-15637	10.3	May 9, 2014	
*10.38	Form of U.K. Approved Stock Options and Award Agreement under the UK Sub-Plan++	10-Q	000-15637	10.4	May 9, 2014	
*10.39	Israeli Sub-Plan of the 2006 Equity Incentive Plan++	10-Q	000-15637	10.5	May 9, 2014	
*10.40	Form of Incentive Stock Option Agreement under 2006 Equity Incentive Plan+++	8-K	000-15637	10.2	January 9, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
*10.41	Form of Nonqualified Stock Option Agreement under 2006 Equity Incentive Plan+++	8-K	000-15637	10.3	January 9, 2015	
*10.42	Form of Restricted Stock Unit Agreement under 2006 Equity Incentive Plan (Subject to Time-Based Vesting)+++	8-K	000-15637	10.4	January 9, 2015	
*10.43	Form of Restricted Stock Unit Agreement under 2006 Incentive Plan (Subject to Performance-Based Vesting)+++	8-K	000-15637	10.5	January 9, 2015	
*10.44	Form of Restricted Stock Award Agreement under 2006 Equity Incentive Plan+++	8-K	000-15637	10.6	January 9, 2015	
*10.45	Form of Stock Appreciation Rights Agreement under 2006 Equity Incentive Plan+++	8-K	000-15637	10.7	January 9, 2015	
*10.46	Form of U.K-Approved Stock Option Agreement+++	8-K	000-15637	10.8	January 9, 2015	
*10.47	Service Agreement, dated July 14, 2009, between SVB Financial Group UK Limited and Philip Cox					X
14.1	Code of Ethics	10-K	000-15637	14.1	March 11, 2004	
21.1	Subsidiaries of SVB Financial					X
23.1	Consent of KPMG LLP, independent registered public accounting firm					X
31.1	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Executive Officer					X
31.2	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Financial Officer					X
32.1	Section 1350 Certifications					**
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

* Denotes management contract or any compensatory plan, contract or arrangement.

** Furnished herewith

\+ Forms applicable to grants made under the 2006 Equity Incentive Plan during 2013 and prior years.

++ Forms applicable to grants made under the 2006 Equity Incentive Plan during 2014.

+++ Forms applicable to grants made under the 2006 Equity Incentive Plan beginning in 2015.

Service Agreement

(1) SVB Financial Group UK Limited

(2) Philip Cox

Dated July 14, 2009

International HR\SVB Financial Group UK Svc Agreement_PCox

Rev. July 13, 2009

Contents

1.	Definitions and interpretation	1
2.	Appointment	3
3.	Term	3
4.	Duties	3
5.	Hours of work	5
6.	Place of Work	5
7.	Expenses	5
8.	Salary	5
9.	Incentive Compensation Plan (bonus)	6
10.	Signing bonus	6
11.	Enhanced redundancy	6
12.	Pension	7
13.	Other Benefits	7
14.	Share Option and Long Term Incentive Plan	7
15.	Holidays	7
16.	Sickness Absence	8
17.	Sick Pay	8
18.	Obligations during Employment	9
19.	Confidential Information	10
20.	Intellectual Property	11
21.	Garden Leave	11
22.	Payment in lieu of notice	13
23.	Summary Termination	13
24.	Retirement	14
25.	Reconstruction and Amalgamation	14
26.	Obligations after Employment	14
27.	Property	15
28.	Resignation from Appointments	15
29.	Suspension	15
30.	Disciplinary and Dismissal Rules	15
31.	Grievance	15
32.	Data Protection	16
33.	Warranty	17
34.	Deductions	17
35.	Power of Attorney	17
36.	Collective Agreements	17
37.	Entire Agreement	17
38.	Third Parties	17
39.	Assurances	18
40.	Releases and waivers	18
41.	Notices	18
42.	Governing law and jurisdiction	18
Schedule 1		19
(Post termination restrictions		19

This Agreement is made on July 14, 2009

Between:

(1) **SVB Financial Group UK Limited** (Company number: 05572575 whose registered office is at 34 Dover Street, London WlS 4NG, United Kingdom **("Company");** and

(2) **Philip Cox ("You").**

It is agreed as follows:

1. **Definitions and interpretation**

1.1 In this Agreement, unless the context otherwise requires:

"Agreement" means this Agreement (including any schedule or annexure to).

"Businesses" means any trade or other commercial activity which is carried on by the Company and any Group Company, or which the Company or any Group Company shall have determined to carry on with a view to profit in the immediate or foreseeable future.

"Commencement Date" means a date to be agreed between the parties but no later than 90 days from the date of this Agreement.

"Confidential Information" means any trade secrets or other information which is confidential, commercially sensitive and is not in the public domain relating or belonging to the Company and/or any Group Company including but not limited to:

(a) information relating to the business methods, corporate plans, management systems, finances, new business opportunities, research and development projects, marketing or sales of any past, present or future product or service;

(b) secret formulae, processes, inventions, designs, know-how discoveries, technical specifications and other technical information relating to the creation, production or supply of any past, present or future product or service of the Company and/or any Group Company;

(c) lists or details of customers, potential customers or suppliers or the arrangements made with any customer or supplier; and

(d) any information in respect of which the Company and/or any Group Company owes an obligation of confidentiality to any third party.

"Duties" means your duties as referred to in clause 4.

"Employment" means your period of employment under this Agreement which shall be deemed to include any period of garden leave served under clause 21.

"Group Companies" or "Group" means the Company and any holding company or any parent company or any subsidiary or subsidiary undertaking of the Company or such companies, as such terms are defined in s 1159, s 1162 (together with Schedule 7 and the definition of "parent company" in s 1173), s 1161 and Schedule 6 of the Companies Act 2006, and "Group Company" means any of them.

"HMRC" means Her Majesty's Revenue and Customs.

"Holiday Year" means the period 1 January to 31 December or such other period of one year as the Company may notify to you in writing from time to time.

"Incentive Compensation Plan" means the plan referred to in clause 9.

"Invention" means any know how , technique, process, improvement, invention or discovery (whether patentable or not) which you (whether alone or with any other person) make, conceive, create, develop, write, devise or acquire at any time during your Employment and which relates or could relate directly or indirectly to the Businesses.

"Material Interest" means:

(a) the holding of any position (whether employed or engaged) or the provision of services as director, officer, employee, consultant , adviser, partner, principal, agent or volunteer;

(b) the direct or indirect control or ownership (whether jointly or alone) of any shares (or any voting rights attached to them) or debentures save for the ownership for investment purposes only of not more than 5 per cent of the issued ordinary shares of any company whose shares are listed on any Recognised Exchange ; or

(c) the direct or indirect provision of any financial assistance.

"Model Code" means the Model Code on directors' dealings in securities set out in the Listing Rules contained in the FSA handbook.

"Recognised Exchange" means any of a recognised investment exchange (as defined in s 285 Financial Services and Markets Act 2000 ("FSMA")), an overseas investment exchange (as defined in s 313 FSMA), or a relevant market (as defined in article 37 FSMA 2000 (Financial Promotion) Order 2001.

"Signing bonus" means the signing bonus referred to at clause 10.

"Termination Date" means the date on which the Employment terminates.

"Works" means all works including without limitation all copyright works or designs originated, conceived, developed or written by you alone or with others during the Employment which relate to or could relate to the Businesses.

1.2 In this Agreement, unless the context otherwise requires:

(a) words in the singular include the plural and vice versa and words in one gender include any other gender;

(b) a reference to a statute or statutory provision includes:

(i) any subordinate legislation (as defined in Section 21(1), Interpretation Act 1978) made under it; and

(ii) any statute or statutory provision which modifies, consolidates, re-enacts or supersedes it;

(c) a reference to:

(i) a **"person"** includes any individual, firm, body corporate, association or partnership , government or state (whether or not having a separate legal personality);

(ii) clauses and schedules are to clauses and schedules of this Agreement and references to sub-clauses and paragraphs are references to sub-clauses and paragraphs of the clause or schedule in which they appear; and

(iii) **"indemnify" and "indemnifying"** any person against any circumstance include indemnifying and keeping him harmless from all actions, claims and proceedings from time to time made against him and all loss or damage and all payments (including fines, penalties and interest, costs or expenses) made or incurred by that person as a consequence of or which would not have arisen but for that circumstance;

(d) Except where otherwise stated, words and phrases defined in the City Code on Take-overs and Mergers or in the Companies Act 2006 have the same meaning in this Agreement.

2. Appointment

The Company appoints you and you agree to serve as Head of UK, Europe & Israel, Global Markets of the Company or such other position as the Company may reasonably require from time to time on the terms of this Agreement.

3. Term

3.1 Your Employment with the Company shall commence on the Commencement Date. No previous employment shall count as part of your continuous period of employment.

3.2 Subject to the terms of this Agreement, and unless terminated in accordance with clause 23, your Employment shall continue until terminated by either party giving to the other not less than 3 months' prior written notice.

4. Duties

4.1 You shall carry out such duties as attach to your office of Head of UK, Europe & Israel, Global Markets and any other duties for the Company and/or any Group Company (whether or not commensurate with your position) which the Company assigns to you from time to time.

4.2 Without additional remuneration, you shall accept and bold for such period(s) as specified by the Company, any office(s) including any post(s) as director, company secretary, trustee, nominee and/or representative of the Company and/or any Group Company.

4.3 Subject to the terms of this Agreement, you shall:

(a) devote the whole of your working time and attention to the Employment;

(b) perform the Duties faithfully and diligently and exercise such powers consistent with those Duties as are assigned to or vested in you by the Company and/or any Group Company and in all cases you shall do so jointly with any person(s) appointed by the Company from time to time;

(c) comply with all common law, fiduciary and statutory duties to the Company and any Group Company, including, but not limited to the seven statutory duties set out in s 171 - 177 Companies Act 2006, so far as they are in force;

(d) obey all lawful and reasonable directions of the Company;

(e) observe in form and spirit such restrictions or limitations as may from time to time be imposed by the Company;

(f) implement and observe in form and spirit any relevant Company and/or Group Company policy, procedures, rules and regulations (whether formal or informal);

(g) use your best endeavours to foster the Company's interests and save where this causes a conflict with the Company's interests, those of its other Group Companies;

(h) report to the Company any relevant wrongdoing (including any misconduct or dishonesty) whether committed, contemplated or discussed by any director, employee or worker of the Company and/or any Group Company of which you are aware and irrespective of whether this may involve any degree of self incrimination; and

(i) keep the Company properly and fully informed in such manner prescribed (with explanations where requested) of your compliance with the Duties and the affairs of the Company and/or any Group Company; and

(j) do such things necessary to ensure that you and the Company and/or any relevant Group Company comply with the Combined Code on Corporate Governance of the UK Listing Authority.

5. **Hours of work**

You shall work such hours as may be necessary for the proper discharge of your Duties. You agree that your employment falls within Regulation 20 of the Working Time Regulations 1998.

6. **Place of Work**

6.1 Your principal place of work shall be at 34 Dover Street, London WlS 4NG. The Company reserves the right to change your principal place of work on giving reasonable prior notice to you.

6.2 You shall travel to and work on a temporary basis from such locations within and outside of the United Kingdom as the Company may reasonably require. There is no current requirement for you to work outside the United Kingdom for any consecutive period of one month or more.

7. **Expenses**

7.1 The Company w ill reimburse to you (or as the case may be procure the reimbursement of) all expenses wholly, properly and necessarily incurred by you in the performance of the Duties subject to production within 30 days of the expense being incurred of such receipts or other evidence of expenditure as the Company may reasonably require in accordance with the Company's policy on expenses in force from time to time.

7.2 If you are provided with any credit or charge card by the Company, you must take good care of it and use it solely for expenses incurred by you in carrying out the Duties and in accordance with any applicable Company policy. The loss of any such card must be reported immediately to the Company and it must be returned to the Company immediately upon request.

8. **Salary**

8.1 You will be paid a salary of £150,000 per annum, subject to deduction of such tax and national insurance as the Company is required by law to deduct and which is inclusive of any fees you are entitled to as a director of the Company and/or any Group Company.

8.2 Your salary will accrue from day to day and is payable in equal monthly instalments in arrears each month, directly into a bank or building society account nominated by you.

8.3 Your salary will be reviewed by the Company from time to time at least annually, save where you are working under notice of termination. There is no obligation on the Company to increase your salary. Any increase awarded will be effective from the date specified by the Company.

8.4 The Company may, in its absolute discretion, pay additional remuneration to you, whether by way of bonus or otherwise. Any such payment shall not form part of your salary for the purposes of this clause 8.

9. **Incentive Compensation Plan (bonus)**

9.1 Subject to Clauses 9.3 and 9.4, you shall be entitled to participate in SVB Financial Group's Senior Management Incentive Compensation Plan ("ICP") details of which will be provided to you separately and for the purposes of which you shall be treated as a Member as defined in that plan. For the avoidance of doubt, to the extent that any provision contained within the ICP is incompatible with English Law the Company retains absolute discretion as to the application of the ICP.

9.2 Subject to clauses 9.3 and 9.4 below and at the Company's absolute discretion, provided that the Group, the Company, your business unit and you all achieve or exceed revenue and performance targets, it is estimated that you will be entitled to earn a bonus under the ICP of 75% of your base salary (pursuant to Clause 8.1 above) . The Company reserves the right to award a nil bonus.

9.3 Any bonus awarded to you shall be purely discretionary, shall not form part of your contractual remuneration under this Agreement and shall not be pensionable. The making of an award shall not oblige the Company to make any subsequent bonus awards.

9.4 Notwithstanding clauses 9.1 and 9.2 you shall have no right to be awarded or where an award has been made, paid a bonus (pro rata or otherwise) if:

(a) you are subject to any capability and/or disciplinary procedures; and/or

(b) your employment has terminated (whether lawfully or unlawfully) or you are under notice of termination (whether given by you or the Company).

10. **Signing bonus**

10.1 Subject to clause 10.2, the Company shall award you a Signing Bonus of £35,000, subject to deduction of such tax and national insurance as the Company is required by law to deduct, which will be paid to you as soon as practicable after you commence employment. This bonus shall not form part of your contractual remuneration under this Agreement and shall not be pensionable.

10.2 You agree to repay the Signing Bonus paid pursuant to clause 10.1 if within a year of payment your employment has terminated (whether lawfully or unlawfully) or you are under notice of termination (whether given by you or the Company) other than by reason of redundancy.

11. **Enhanced redundancy**

11.1 If your employment is terminated by the Company by reason of redundancy you are entitled to receive, subject to deduction of such tax and national insurance as the Company is required by law to deduct, 4 weeks of your annual base salary per year of service, subject to this amount being a minimum of 6 months annual base salary and a maximum of 8 months annual base salary. For the avoidance of doubt, this figure shall be reduced by an amount equal to any period of your notice that you refused to work or

were not required to work having been paid in lieu of notice pursuant to clause 22 or placed on Garden Leave pursuant to clause 21.

12. **Pension**

The Company operates a pension scheme for its employees in which you shall be eligible to participate . No contracting-out certificate pursuant to the Pension Schemes Act 1993 is in force in respect of your employment.

13. **Other Benefits**

13.1 You shall be eligible to participate in the Company's medical plan. Participation and entitlement to benefits under the Company's medical plan is subject to:

(a) the terms of the relevant plan as amended from time to time;

(b) the rules or policies as amended from time to time of the relevant provider;

(c) acceptance by the relevant provider; and

(d) satisfaction of the normal underwriting requirements of the relevant provider and the premium being at a rate which the Company considers reasonable .

13.2 Any other benefit provided to you shall unless otherwise agreed in writing be at the discretion of the Company who may, at any time, withdraw or vary the terms of such benefit as it sees fit.

14. **Share Option and Long Term Incentive Plan**

14.1 The terms of the Employment shall not be affected in anyway by your participation or entitlement to participate in any long term incentive plan or share option scheme. Such schemes and/or plans shall not form part of the terms of the Employment (express or implied).

14.2 In calculating any payment, compensation or damages on the termination of the Employment for whatever reason (whether lawful or unlawful) which might otherwise be payable to you, no account shall be taken of your participation in any such schemes and/or plans referred to in clause 14.1 or any impact upon participation such termination may have.

14.3 This clause 14 does not in anyway indicate any right or entitlement to participate in any such schemes and/or plans.

15. **Holidays**

15.1 In addition to the usual public or bank holidays in England and Wales, you are entitled to 25 working days' paid holiday in each Holiday Year (pro rated to the nearest whole day for the Holiday Year in which the Employment commences and terminates).

15.2 Holiday must be taken at such times as are agreed with the Company. On giving at least 5 days notice, the Company may require you to take any accrued but untaken

holiday where you are under notice of termination (including where you are on garden leave pursuant to clause 21).

15.3 You may not without consent of the Company carry forward any part of your holiday entitlement to a subsequent Holiday Year. Save as provided for in clause 15.4 no payment in lieu will be made of any unused holiday entitlement in any Holiday Year.

15.4 On termination of the Employment :

(a) you will be entitled to pay in lieu of any accrued but untaken holiday entitlement; and/or

(b) you will be required to repay to the Company any salary received for holiday taken in excess of your accrued entitlement (which you agree may be deducted from any payments, including salary, due to you from the Company).

Any payment or repayment pursuant to this clause will be calculated on the basis of 1/260 of your salary payable pursuant to clause 8 for each day of holiday. It will not be calculated on any entitlement to bonus, commission, allowance or other payment.

16. Sickness Absence

16.1 If you are unable to perform the Duties due to sickness or injury, you shall report this fact as soon as possible on the first working day of incapacity to the Company indicating so far as practicable the date on which you expect to return to work. You shall keep the Company informed and provide it with such certification of your condition as it may require.

16.2 If at any time in the reasonable opinion of the Company you are unable to perform all or part of the Duties due to sickness or injury, you will at the request and expense of the Company:

(a) consent to an examination by a doctor nominated by the Company; and

(b) authorise the doctor to disclose to and discuss with the Company, his or her report (including copies) of the examination and your fitness for work.

16.3 The Company is entitled to rely on the reasonable opinion of any doctor engaged to examine you under clause 16.2 as to your fitness for work. Where such doctor considers you to be unfit for work, you are not entitled to receive any payment in excess of any sick pay entitlement pursuant to clause 17.

16.4 If you are incapable of performing the Duties due to sickness or injury for a period or periods aggregating at least 3 months in any period of 12 months the Company may, by not less than 3 months' prior written notice given at any time whilst such incapacity continues, terminate the Employment. Upon termination of the Employment under this sub-clause you shall cease to be entitled to any payment under clause 17.1 or any other provision of this Agreement.

17. Sick Pay

17.1 Subject to compliance with clause 16 and clauses 17.3 and 17.4 below, you will be entitled to your salary (subject to clause 8.1) pursuant to the standard SVB Financial Group policy for such illness/sickness. A copy of this policy is available from Human Resources. Any payment made to you under this clause is inclusive of your entitlement (if any) to statutory sick pay (for which your qualifying days are Monday to Friday).

17.2 For the purpose of clauses 17.1 and 17.4 any delay by the Company in terminating the provision of sick pay and/or any other remuneration and/or benefits will not constitute a waiver of its right to do so.

17.3 If your sickness or injury is or appears to be caused by the negligence, nuisance or breach of any statutory duty of a third party, in respect of which damages are or may be recoverable you shall:

(a) immediately notify the Company of all relevant facts and of any claim, compromise, settlement or judgement made or awarded in connection with it and all relevant particulars that the Company may reasonably require; and

(b) if required by the Company, refund to the Company that part of any damages or compensation recovered by you relating to your loss of earnings for the period of sickness or injury as the Company reasonably determines provided that the amount to be refunded shall not exceed the total amount paid to you by the Company in respect of the period of sickness or injury.

17.4 This clause 17 is without prejudice and does not limit in anyway the Company's right to terminate your employment pursuant to this Agreement.

18. **Obligations during Employment**

18.1 Save with the prior written permission of the Company, you shall not during your employment (whether during or outside normal working hours):

(c) hold any Material Interest in any person which:

(i) is or shall be wholly or partly in competition with any of the Businesses;

(ii) impairs or might reasonably be thought by the Company to impair your ability to act at all times in the best interests of the Company and/or any Group Company; and/or

(iii) requires or might reasonably be thought by the Company to require you to make use of or disclose any Confidential Information to further your interests in that person;

(d) take any preparatory steps to become engaged or interested in any capacity whatsoever in any business or venture which is in or is intended to enter into competition with any of the Businesses;

(e) carry out any public or private work other than the Duties (whether for profit or otherwise);

(d) directly or indirectly receive in respect of any goods or services sold or purchased or any other business transacted (whether or not by you) by or on behalf of the Company and/or any Group Company any discount, rebate, commission or other inducement (whether in cash or in kind) which is not authorised by the relevant Company and/or Group Company rules or guidelines. You will account to the Company for the value of any such inducement.

18.2 You agree that during the Employment, you are and shall always be subject to the provisions of the SVB Financial Group Code of Conduct and any and all other employment or other policies of SVB Financial Group, Silicon Valley Bancshares, SVB Financial Group UK Limited, and all of their respective affiliates and subsidiaries. A copy of the Code of Conduct can be obtained from the SVB intranet site.

18.3 You shall observe relevant rules of law, requirements , recommendations, rules and regulations (as amended from time to time) of the London Stock Exchange Plc or any other Recognised Exchange, the Model Code and/or the FSMA and the Company guidelines/codes relating to dealings in shares, debentures or other securities of the Company and/or any Group Company. In relation to overseas dealing you shall observe all laws and all regulations of the stock exchange, market or dealing system in which country or state such dealings take place.

18.4 You shall not (and shall procure so far as you are able that your spouse and children shall not) deal or become or cease to be interested (within the meaning of Part I, Schedule 13, Companies Act 1985) in any securities of the Company without complying with any Company rules or guidelines from time to time relating to securities transactions.

19. **Confidential Information**

19.1 You shall not either during the Employment or at any time after its termination (howsoever arising), directly or indirectly, use, disclose or communicate to any person whatsoever and, shall use your best endeavours to prevent the publication or disclosure of, any Confidential Information.

19.2 Clause 19.1 does not apply to :

(a) any use or disclosure in the proper performance of the Duties, as authorised by the Company and/or as required by law;

(b) any information which is already in or comes into the public domain other than through your unauthorised disclosure; and/or

(c) any protected disclosure within the meaning of s43A Employment Rights Act 1996 provided, where at the relevant time you are employed by the Company,

you have fully complied with the Company's procedures relating to such disclosures.

20. **Intellectual Property**

20.1 You shall promptly disclose to the Company full details of any Invention and/or Works (including, without limitation, any and all computer programs, photographs, plans, records, drawings and models) which you (whether alone or with any other person) make, conceive, create, develop, write, devise or acquire at any time during the Employment and which relates or could relate directly or indirectly to the Businesses. You shall treat all Inventions and Works as Confidential Information of the Company and/or any Group Company.

20.2 To the extent not already vested in the Company and/or any Group Company by operation of law, you:

(a) shall hold any Invention and/or Work on trust for the Company and/or any Group Company until any rights to such Invention and/or Work have been fully and absolutely vested in the Company in accordance with the remaining provisions of this clause 20;

(b) shall subject to clauses 39-43 of the Patents Act 1977 assign to the Company all patents and rights to apply for patents or other appropriate forms of protection in each Invention throughout the world;

(c) hereby assign by way of present and future assignment all copyright, design rights and other proprietary intellectual property rights (if any) for their full terms throughout the world in respect of the Works.

(d) shall execute any document necessary to assign to the Company any rights referred to under this clause 20 and at the request and expense of the Company, do all things necessary or desirable (including entering into any agreement that the Company reasonably requires) to vest such rights in the Company including without limitation applying and joining in with the Company in applying for any protection for or registration of any such rights to enable the Company and/or any Group Company and/or its or their nominee to obtain the full benefit and/or substantiate the rights of the Company and/or any Group Company under paragraphs (a), (b) and (c).

20.3 You acknowledge and agree that the patenting and exploitation of any Invention shall be at the sole discretion of the Company.

20.4 You irrevocably and unconditionally waive in favour of the Company and/or any Group Company any and all moral rights conferred on you by Chapter IV , Part I, Copyright Designs and Patents Act 1988 and any other moral rights provided for under the laws now or in future in force in any part of the world for any Work the rights in which are vested in the Company whether by clause 20.2 or otherwise.

21. **Garden Leave**

21.1 During any period of notice to terminate the Employment (whether given by you or the Company), or if you purport to terminate the Employment in breach of this Agreement, the Company may for all or part of that period, in its absolute discretion (and notwithstanding any other provisions of this Agreement) require you:

(a) to perform only such of the Duties as it may allocate to you or such other projects or duties as may be required (whether or not they fall within clause 4);

(b) not to perform any of the Duties;

(c) not to have any contact (other than purely social contact) or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company and/or any Group Company save as determined by the Company;

(d) to disclose to the Company any attempted contact (other than purely social contact) with any person with whom you have been required not to have any contact pursuant to this clause;

(e) to take any accrued holiday entitlement (in accordance with clause 15.2);

(f) not to enter any premises of the Company and/or any Group Company nor to visit the premises of any suppliers and/or customers of the Company and/or any Group Company;

(g) to return as requested by the Company any mobile telephone handset, SIM card, laptop computer and/or any other Company and/or Group Company property, including Confidential Information, the Company may require; and/or

(h) to resign immediately from any offices you hold in the Company and/or any Group Company.

21.2 You agree that any action taken on the part of the Company and/or any Group Company pursuant to clause 21.l shall not constitute a breach of this Agreement of any kind whatsoever nor will you have any claim against the Company and/or any Group Company in respect of such action.

21.3 Without prejudice to any other terms of this Agreement and save as expressly agreed otherwise in clause 21.1 above, during any period in which action is taken on the part of the Company and/or any Group Company pursuant to clause 21.1:

(a) you shall continue to be entitled to your salary and contractual benefits save that, should you work for any other person or on your own account and fail to be available for work at any time, your right to salary and contractual benefits in respect of such period of non-availability shall be forfeit, notwithstanding any other provision of this Agreement;

(b) you shall owe a duty of utmost good faith to the Company and/or any Group Company; and

(c) you shall remain an employee of the Company and be bound by the terms and conditions of this Agreement. In particular, you agree that you will not work for any other person or on your own account and save, during any periods of holiday taken under this Agreement, you shall remain readily contactable and available to work for the Company and/or any Group Company.

22. **Payment in lieu of notice**

22.1 The Company may in its absolute discretion, terminate the Employment at any time with immediate effect and pay you a sum equal to the basic salary you would have received during your notice period pursuant to clause 8.1 (or, if notice has already been given, during the remainder of the notice period) less income tax and National Insurance contributions **("Payment in Lieu")**. The Payment in Lieu shall not include any payment in respect of:

(a) any bonus or commission payments that might otherwise have been paid to you during the period for which the Payment in Lieu is made;

(b) benefits which you would have been entitled to receive during the period for which the Payment in Lieu is made; or

(c) any holiday entitlement that would have accrued to you during the period for which the Payment in Lieu is made.

22.2 Subject to clause 22.3, the Company will make any payment pursuant to clause 22.1, at its absolute discretion within 14 days of the termination of your employment.

22.3 You shall have no right to receive a Payment in Lieu unless the Company has exercised its discretion in clause 22.1. Nothing in this clause 22 shall prevent the Company from terminating your Employment in breach.

23. **Summary Termination**

23.1 The Company may terminate the Employment at any time in writing, without notice or pay in lieu of notice, and with no liability to make any further payment to you, save for the amounts accrued due to the Termination Date, if:

(a) you commit any act of gross misconduct;

(b) your conduct (whether or not it occurs during or in the context of the Employment) is such that it may in the reasonable opinion of the Company bring the Company and/or any Group Company into disrepute and/or is calculated or likely prejudicially to affect the interests of the Company and/or any Group Company;

(c) you are negligent and/or incompetent in the reasonable opinion of the Company in the performance of your Duties;

(d) you commit any serious or repeated breach of this Agreement;

(e) you are convicted of any criminal offence (other than an offence under the road traffic legislation in the United Kingdom or abroad for which you are not sentenced to any term of imprisonment, whether immediate or suspended);

(f) you commit any act of fraud or dishonesty relating to the Company and/or any Group Company, any of its or their employees, customers or otherwise;

(g) you become of unsound mind or a patient for the purposes of any statute relating to mental health so that in the opinion of the Company you are unable to perform your Duties;

(h) a bankruptcy petition is presented against you or you become bankrupt or an interim order is made in respect of you pursuant to section 252 of the Insolvency Act 1986 or you make any arrangement or composition with your creditors generally (including an Individual Voluntary Arrangement) or have a County Court administration order made against you under the County Court Act 1984.

23.2 The rights of the Company under clause 23.1 are without prejudice to any other rights that it may have at law to terminate the Employment or accept any breach of this Agreement by you as having brought the Agreement to an end and any delay by the Company in exercising its rights under clause 23.1 shall not constitute a waiver of such rights.

24. **Retirement**

24.1 Subject to clause 24.2 below, your employment shall automatically terminate when you reach the age of 65.

24.2 You may request to work beyond the normal retirement date. Please refer to the Company's HR Department for further details and the procedure and timescales for exercising this right.

25. **Reconstruction and Amalgamation**

If the Employment is terminated by reason of any reconstruction or amalgamation of the Company and/or any Group Company whether by winding up or otherwise and you are offered employment with any concern or undertaking involved in or resulting from such reconstruction or amalgamation on terms which (considered in their entirety) are no less favourable to any material extent than the terms of this Agreement, you shall have no claim against the Company or any such undertaking arising out of or in connection with such termination.

26. **Obligations after Employment**

Without prejudice to the other terms of this Agreement, you agree that following the termination of your Employment for any reason whatsoever, you will be bound by and you will comply with the terms and conditions set out in Schedule 1 to this Agreement.

27. **Property**

At any time during the Employment or following its termination (for whatever reason), as requested by the Company and/or any Group Company, you agree to:

(a) return to the Company and/or any Group Company or irretrievably destroy or delete:

(i) any documents, drawings, designs, computer files or software, visual or audio tapes or other materials containing information (including, without limitation, Confidential Information) and/or any copies or extracts of the same relating to the Businesses; and

(ii) any other property of the Company and/or any Group Company

in your possession, custody and/or directly or indirectly under your control;

(b) inform the Company of all passwords, pass codes, pin n umbers and any other similar information used by yourself in relation to any information technology systems, vehicles, rooms and/or any other secured property of the Company and/or any Group Company.

28. **Resignation from Appointments**

At any time, at the request of the Company and/or any Group Company, you agree to resign from any directorships, offices, appointments and/or trusteeships which you hold with the Company and/or any Group Company without claim for compensation and your resignation shall not affect in anyway the continuance of this Agreement.

29. **Suspension**

In order to investigate a complaint against you of misconduct and/or poor performance, the Company may suspend you for so long as may be necessary to carry out a proper investigation and complete any appropriate disciplinary and/or capability process. During any period of suspension you shall continue to receive your salary and contractual benefits.

30. **Disciplinary and Dismissal Rules**

30.1 You are subject to the Company's disciplinary rules and procedures, in force from time to time a copy of which is available from the Company's HR Department and such other procedures of this nature as may from time to time be adopted. Application of any such procedure is at the Company's discretion and is not a contractual entitlement.

30.2 If you are dissatisfied with any disciplinary decision to dismiss you, you should refer such dissatisfaction in writing to the Company's HR Department, who will proceed in accordance with the appeal procedure set out in the appropriate Company procedure.

31. **Grievance**

If you have any grievance relating to the Employment (other than one relating to a disciplinary decision or a decision to dismiss you), you should refer such grievance in writing to Company's HR Department in accordance with the Company's grievance procedure in force from time to time (a copy of which is available from Company's HR Department. If the grievance is not resolved at this stage, you can appeal in accordance with the appeal procedure set out in the grievance procedure. Application of the grievance procedure is discretionary and not a contractual entitlement.

32. **Data Protection**

32.1 The Company and any Group Company shall process your personal data (including, where necessary, sensitive personal data, such terms being defined in the Data Protection Act 1998) in their paper-based and computerised systems. You consent to the processing of such data both inside and, where necessary, outside the European Economic Area for the purposes of:

(a) salary, benefits and pensions administration and employee management;

(b) health administration and for the purposes of health insurance/benefits;

(c) training and appraisal, including performance records and disciplinary records;

(d) equal opportunities monitoring;

(e) any potential change of control of the Company and/or Group Company, or any potential transfer of employment under the Transfer of Undertakings (Protection of Employment) Regulations 2006. In such circumstances, disclosure may include disclosure to the potential purchaser or investor and their advisors;

(f) promoting or marketing of the Company and/or any Group Company and/or its or their products or services;

(g) compliance with applicable procedures, laws and regulations; and/or

(h) any other reasonable purposes in connection with your employment about which you shall be notified from time to time.

32.2 You acknowledge and accept that in order to fulfil the purposes set out above, it may be necessary to pass your personal data (or sensitive personal data, as appropriate) to regulatory bodies, government agencies and other third parties as required by law or for administration purposes.

32.3 You acknowledge and accept that the Company and/or any Group Company may monitor electronic correspondence (including email , voice and text messages) which you receive at work and/or on Company systems and/or property provided to you by the Company and/or any Group Company for the purposes of your work in order to ensure the integrity of its information technology or to prevent or detect criminal behaviour or behaviour which contravenes employment legislation and/or other Company and/or Group Company policies. Further details about the Company's

and/or any Group Company's monitoring activities are set out m the Monitoring Policy.

32.4 You agree to use all reasonable endeavours to keep the Company informed of any changes to your personal data or sensitive personal data and to comply with all relevant data protection legislation.

33. **Warranty**

33.1 You warrant that you are not bound by nor subject to any court order, arrangement, obligation (express or implied), restriction or undertaking (contractual or otherwise) which prohibits or restricts you from entering into this Agreement or performing the Duties.

33.2 You undertake to indemnify the Company and/or any Group Company against any claims, costs, damages, liabilities and/or expenses which the Company and/or any Group Company may incur as a result of any claim that you are in breach of any order, arrangement, obligation, restriction or undertaking referred to in clause 33.1.

34. **Deductions**

You agree that at any time the Company may deduct from your salary or any other sums owed to you any money you owe to the Company and/or any Group Company.

35. **Power of Attorney**

If you fail to comply with any request(s) under clauses 20.1 and 20.2, you irrevocably authorise the Company and/or any Group Company to appoint a person in your name and on your behalf to sign any documents or do any things necessary or requisite for the purposes of giving the Company and/or any Group Company and its or their nominee the full benefit of clause 20.3.

36. **Collective Agreements**

There are no collective agreements which affect the terms and conditions of your employment.

37. **Entire Agreement**

This Agreement sets out the entire agreement and understanding between the parties and supersedes all prior agreements, understandings or arrangements (oral or written) in respect of your employment or engagement by the Company. No purported variation of this Agreement shall be effective unless it is in writing and signed by or on behalf of each of the parties.

38. **Third Parties**

Unless expressly provided in this Agreement, no term of this Agreement is enforceable pursuant to the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to it.

39. **Assurances**

SVB Financial Group will ensure that its subsidiary (the Company) will perform under the Agreement with you, including insuring the subsidiary makes all payments required under the employment contract.

40. **Releases and waivers**

40.1 The Company may, in whole or in part, release, compound, compromise, waive or postpone, in its absolute discretion, any liability owed to it or right granted to it in this Agreement by you without in any way prejudicing or affecting its rights in respect of any part of that liability or any other liability or right not so released, compounded, compromised, waived or postponed.

40.2 No single or partial exercise, or failure or delay in exercising any right, power or remedy by the Company shall constitute a waiver by it of, or impair or preclude any further exercise of, that or any right, power or remedy arising under this Agreement or otherwise.

41. **Notices**

41.1 Any notice to a party under this Agreement shall be in writing signed by or on behalf of the party giving it and shall, unless delivered to a party personally, be hand delivered, or sent by prepaid first class post or facsimile, with a confirmatory copy sent by prepaid first class post to, in your case, your last known residential address or, in the case of the Company, the Company Secretary at the Company's registered office.

41.2 A notice shall be deemed to have been served:

(a) at the time of delivery if delivered personally to a party or to the specified address;

(b) on the second working day after posting by first class prepaid post; or

(c) 2 hours after transmission if served by facsimile on a business day prior to 3pm or in any other case at l 0 am on the business day after the date of despatch.

40. **Governing law and jurisdiction**

42.1 This Agreement shall be governed by and construed in accordance with English law.

42.2 Each of the parties irrevocably submits for all purposes in connection with this Agreement to the exclusive jurisdiction of the English courts.

In witness this Deed has been executed on the date appearing at the head of page 1.

Schedule 1

(Post termination restrictions)

1. **Definitions and interpretation**

1.1 In this Schedule, unless the context otherwise requires, the following additional definitions shall apply (in addition to the definitions contained in the Agreement to which this Schedule is annexed and of which it forms a part):

"the Business" means the business of the Company or any part thereof and any other business or part thereof carried on by any Group Company as at the Termination Date and/or during the Protected Period and in respect of which the Duties have been materially concerned or about which you have acquired Confidential Information.

"Customer" means any person who at any time during the Protected Period was a customer of the Company or any Group Company and was a person with whom you had material personal dealings or in relation to whom you have acquired Confidential Information.

"Garden Leave Period" means any period during which the Company has exercised its rights pursuant to clause 21 of the Agreement to which this Schedule is annexed.

"Goods and/or Services" means any goods and/or services competitive with those supplied by the Company or any Group Company at any time during the Protected Period and in relation to which you were materially involved or concerned or for which you were responsible during that period.

"Key Employee" means any person who at any time during the Protected Period is or was employed or engaged by the Company or any Group Company in a senior, managerial, sales, marketing, technical or supervisory capacity and with whom you dealt during that period.

"Prospective Customer" means any person who was at any time during the Protected Period engaged in negotiations, with which you were personally involved, with the Company or any Group Company with a view to obtaining goods or services from the Company or any Group Company or in relation to whom you have acquired Confidential Information.

"Protected Period" means the 12 months immediately preceding the earlier of the Termination Date and the commencement of any Garden Leave Period.

"Restriction Period" means the period of 6 months following the Termination Date less any Garden Leave period.

"Supplier" means any person with whom you have had material dealings as part of the Duties during the Protected Period and who has during that period supplied goods or services to the Company or any Group Company on terms other than those available

to another purchaser in the market during that period, whether by reason of exclusivity (either de facto or contractually obliged), price or otherwise.

2. **Obligations after employment**

2.1 You shall not for a period of 3 months less any Garden Leave Period hold a Material Interest in a business or venture which:

(a) is or is about to be in competition with the Business or any part thereof; or

(b) is likely to result in the intentional or unintentional disclosure or use of Confidential Information by you in order for you to properly discharge your duties to or further your interest in that business or venture.

2.2 The provisions of clause 2.1 shall not operate so as to prevent you from being engaged, concerned or interested in any business or venture in so far as your work for that business or venture shall relate solely to services or activities with which the Duties were not concerned to a material extent or in relation to which you were not responsible and in relation to which you held no Confidential Information during the Protected Period.

2.3 You shall not for the Restriction Period in respect of any Goods and/or Services:

(a) deal with or supply any Customer;

(b) deal with or supply any Prospective Customer; or

(c) offer employment or any contract for services to or employ or engage any Key Employee.

2.4 You shall not for the Restriction Period in respect of any Goods and/or Services:

(a) solicit, facilitate the solicitation of or canvass the custom or business of any Customer;

(b) solicit, facilitate the solicitation of or canvass the custom or business of any Prospective Customer; or

(c) solicit or entice or endeavour to solicit or entice any Key Employee to leave his employment with or cease his directorship or consultancy with the Company or any Group Company, whether or not that person would breach any obligations owed to the Company or any relevant Group Company by so doing.

2.5 You shall not for the Restriction Period

(a) deal with or accept the supply of any goods or services from any Supplier where such supply is likely to be the detriment of any Group Company whether by causing the Supplier to reduce or alter the terms or quantity of supply to the Group Company or where the value of the Company's arrangement with the Supplier is diminished; or

(b) solicit, facilitate the solicitation of or canvass the supply of any goods or services from any Supplier where such supply is likely to be the detriment of any Group Company whether by causing the Supplier to reduce or alter the terms or quantity of supply to the Group Company or where the value of the Group Company's arrangement with the Supplier is diminished;

2.6 If, at any time during the Employment, two or more Key Employees leave the employment of the Company or any Group Company to provide Goods and/or Services for the same business or venture, you shall not, at any time during the 6 months following the last date on which any of those Key Employees was employed by the Company or any Group Company, be employed or engaged in any way with that business or venture in respect of any Goods and/or Services.

2.7 You shall not at any time after the Termination Date:

(a) induce or seek to induce by any means involving the disclosure or use of Confidential Information any Customer or Supplier to cease dealing with the Company or any Group Company or to restrict or vary the terms upon which it deals with the relevant Group Company;

(b) be held out or represented by you or any other person as being in any way connected with or interested in the Company or any Group Company; or

(c) disclose to any person or make use of any Confidential Information (except as required by law).

3. **General**

3.1 You have given the undertakings in this Schedule to the Company as trustee for itself and each Group Company in the business of which you have been concerned or involved to any material extent during the Employment or which benefits from each undertaking. You agree that each such Group Company may enforce the benefit of each such undertaking.

3.2 You shall at the request and expense of the Company enter into direct undertakings with any such Group Company which correspond to the undertakings in this Schedule.

3.3 You agree that if you have material business dealings in other foreign jurisdictions on behalf of any Group Company, you will enter into undertakings providing the same level of protection for each such Group Company with such modifications (if any) as are necessary to render such undertakings enforceable in those jurisdictions.

3.4 You acknowledge that you have had the opportunity to take independent legal advice in relation to the undertakings contained in this Schedule.

3.5 The obligations imposed on you by this Schedule extend to you acting not only on your own account but also on behalf of any other firm, company or other person and shall apply whether you act directly or indirectly.

3.6 You warrant that you believe the covenants contained within this Schedule to be reasonable as between the parties and that you have no present intention of ever arguing that the restraints are unreasonable or otherwise unenforceable.

Executed as a **Deed**)
by Philip Cox) /s/ Philip Cox
in the presence of:)

Signature of witness: /s/ Brenda Santoro

Name: Brenda Santoro

Address:

Occupation:

Executed as a **Deed**)
(but not delivered until the date)
appearing at the head of page 1) by)
SVB Financial Group UK Limited)
acting by •, a director) /s/ Greg Becker
in the presence of:)

Signature of witness: /s/ Brenda Santoro

Name: Brenda Santoro

Address:

Occupation:

SVB Financial Group Annual Report on Form 10-K

Exhibit 21.1-Subsidiaries of SVB Financial Group

The following is a list of the direct and indirect subsidiaries of SVB Financial Group as of December 31, 2014:

Subsidiary	Jurisdiction of Incorporation or Organization
Capital Partners III, L.P.	Delaware
CP Secondaries Fund, L.P.	Delaware
GHVL, LP	California
Gold Hill Venture Lending 03, LP	California
Gold Hill Venture Lending 03-A, LP	California
Gold Hill Venture Lending 03-B, LP	California
Gold Hill Venture Lending 03-C, Inc.	Delaware
Gold Hill Venture Lending 03-C, LP	California
Gold Hill Venture Lending Partners 03, LLC	California
Partners for Growth, L.P.	Delaware
Qualified Investors Fund III, LLC	Delaware
Silicon Valley BancVentures, Inc.	California
Silicon Valley BancVentures, L.P.	California
Silicon Valley Bank	California
Strategic Investors Fund V, L.P.	Delaware
Strategic Investors Fund V-A, L.P	Delaware
Strategic Investors Fund V-A Opportunity, L.P	Delaware
Strategic Investors Fund V-B, L.P.	Delaware
Strategic Investors Fund VI, L.P.	Delaware
Strategic Investors Fund VI-A, L.P.	Delaware
Strategic Investors Fund VII, L.P.	Delaware
Strategic Investors Fund VII-A, L.P.	Delaware
SVB Analytics, Inc.	Delaware
SVB Asset Management	California
SVB Business Partners (Beijing) Co. Ltd.	China
SVB Business Partners (Shanghai) Co. Ltd.	China
SVB Capital-NT Growth Partners, L.P.	Delaware
SVB Capital Partners II, LLC	Delaware
SVB Capital Partners II, L.P.	Delaware
SVB Capital Partners III, LLC	Delaware
SVB Capital Preferred Return Fund, L.P.	Delaware
SVB Capital Shanghai Yangpu Venture Capital Fund, L.P.	China
SVB Capital Trust II	Delaware
SVB Financial Group UK Limited	United Kingdom
SVB GG Holdings, LLC	Delaware
SVB Global Financial, Inc.	Delaware
SVB Growth Investors, LLC	Delaware
SVBIF Management	Mauritius
SVB India Advisors, Pvt. Ltd.	India
SVB India Finance Private Limited	India
SVB International Finance, Inc	United States
SVB Israel Advisors, Ltd.	Israel
SVB Qualified Investors Fund, LLC	California
SVB Qualified Investors Fund II, LLC	Delaware
SVB Securities	California
SVB Strategic Investors Fund, L.P.	California
SVB Strategic Investors Fund II, L.P.	Delaware
SVB Strategic Investors Fund III, L.P.	Delaware
SVB Strategic Investors Fund IV, L.P.	Delaware
SVB Strategic Investors II, LLC	California
SVB Strategic Investors II, LLC	Delaware
SVB Strategic Investors III, LLC	Delaware
SVB Strategic Investors IV, LLC	Delaware
SVB Strategic Investors V, LLC	Delaware
SVB Strategic Investors VI, LLC	Delaware
SVB Strategic Investors VII, LLC	Delaware

SVB Venture Capital Investment Management (Shanghai) Co. Limited	China
SVB Wealth Advisory, Inc.	Delaware
Venture Investment Managers, L.P.	Delaware

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
SVB Financial Group:

We consent to the incorporation by reference in the registration statements on Form S-8 (No. 333-198147, 333-192471, 333-188707, 333-183323, 333-176232, 333-168836, 333-134655, 333-133262, 333-118091, 333-108434, 333-92410, 333-59590, 333-39680, 333-89641, 333-68857, 333-28185, 333-05489, 033-60467) and registration statements on Form S-3 (No. 333-201641, 333-195878, 333-169374, 333-163135, 333-156613, and 333-109312) of SVB Financial Group (the "Company") of our reports dated February 26, 2015, with respect to the consolidated balance sheets of SVB Financial Group and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of income, stockholders' equity, cash flows, and comprehensive income for each of the years in the three-year period ended December 31, 2014, and the effectiveness of internal control over financial reporting as of December 31, 2014, which reports appear in the December 31, 2014 annual report on Form 10-K of the Company.

/s/ KPMG LLP

San Francisco, California
February 26, 2015

EXHIBIT 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Greg Becker, certify that:

1. I have reviewed this annual report on Form 10-K of SVB Financial Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2015

/s/ GREG BECKER

Greg Becker

President and Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Michael Descheneaux, certify that:

1. I have reviewed this annual report on Form 10-K of SVB Financial Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2015

/s/ MICHAEL DESCHENEAUX

Michael Descheneaux

Chief Financial Officer

(Principal Financial Officer)

EXHIBIT 32.1

SECTION 1350 CERTIFICATIONS

I, Greg Becker, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the annual report of SVB Financial Group on Form 10-K for the annual period ended December 31, 2014, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of SVB Financial Group.

Date: February 26, 2015

/s/ GREG BECKER

Greg Becker
President and Chief Executive Officer
(Principal Executive Officer)

I, Michael Descheneaux, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the annual report of SVB Financial Group on Form 10-K for the annual period ended December 31, 2014, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of SVB Financial Group.

Date: February 26, 2015

/s/ MICHAEL DESCHENEAUX

Michael Descheneaux
Chief Financial Officer
(Principal Financial Officer)